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DEPARTMENTS OF LABOR, HEALTH AND HUMAN SERVICES, EDUCATION, AND RELATED AGENCIES APPROPRIATIONS FOR 1991

HEARINGS

BEFORE A

SUBCOMMITTEE OF THE
COMMITTEE ON APPROPRIATIONS
HOUSE OF REPRESENTATIVES

ONE HUNDRED FIRST CONGRESS

SECOND SESSION

SUBCOMMITTEE ON THE DEPARTMENTS OF LABOR, HEALTH AND HUMAN SERVICES, EDUCATION, AND RELATED AGENCIES

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PART 6

DEPARTMENT OF EDUCATION

	Page
Secretary of Education	1
Tables and Special Reports	160
Compensatory Education for the Disadvantaged	253
Special Institutions for the Handicapped	403
School Improvement Programs	555
Education for the Handicapped	781
Rehabilitation Services and Handicapped Research	921
Impact Aid	1025
Bilingual and Immigrant Education	1097
Student Financial Assistance and Guaranteed Student Loans	1153
Higher Education and Postsecondary Facilities	1311
Vocational and Adult Education	1501
Howard University	1611
Research, Statistics, and Improvement of Practice	1701
Libraries	1813
Departmental Management	1877

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DEPARTMENTS OF LABOR, HEALTH AND HUMAN SERVICES, AND EDUCATION, AND RELATED AGENCIES APPROPRIATIONS FOR 1991

Tuesday, February 20, 1990.

DEPARTMENT OF EDUCATION

SECRETARY OF EDUCATION

WITNESSES

LAURO F. CAVAZOS, SECRETARY

CHARLES E.M. KOLB, DEPUTY UNDER SECRETARY FOR PLANNING, BUDGET, AND EVALUATION

SALLY H. CHRISTENSEN, DIRECTOR, BUDGET SERVICES, OFFICE OF PLANNING, BUDGET AND EVALUATION

Chairman's Opening Remarks

Mr. Natcher. The committee will come to order.

At this time, we take up the budget request for the fiscal year 1991 for the Department of Education.

Mr. Secretary, it is a distinct honor and privilege to have you before the committee. As one member of the committee, I believe that you are making an excellent Secretary. Each year, before we start holding hearings on all of our 13 bills, as Mr. Conte and Mr. Early and the other members of this subcommittee will tell you, we have overview hearings.

We have the full Committee on Appropriations to meet, and we have before the committee the Secretary of the Treasury, the Chairman of the Economic Council, and the Director of OMB. When these three gentlemen appeared before our committee about 10 days ago, when it was my turn to direct some questions to these people, I asked them how much had been expended during the past nine years for education at the Federal level. It figures just a little bit over $199 billion.

During that nine-year period, we have expended, Mr. Secretary, about $2,300 billion for defense. I don't know of anyone in the State of Kentucky or anywhere in the United States that wants to impair the security of our country, but Mr. Secretary, I know thousands of people who believe that if you educate your children and take care of the health of your people, you will continue to live in the greatest country in the world.

For fiscal year 1990, we ended up with about $24 billion for education. Mr. Secretary, you and I know that that is quite a large amount of money, but not near enough. If I had my way—and I speak not only for Mr. Conte, Mr. Early and Mr. Stokes, but for all the members of this subcommittee, we would have considerably more money in this bill for education. Here is where you ought to spend your money, Mr. Secretary. I know that is the way you feel about it.

But I did want to call this to your attention. You know, they say to us from time to time, you are spending a lot of money at the Federal level for education. It figures about 6 to 7 percent of the total. You know the exact figure, Mr. Secretary, and I don't, but about 6 percent of the total expended for education is spent at the Federal level.

The cities, counties and States spend the balance, billions and billions of dollars. I hope this money is well-spent throughout the United States, better spent as we go into the future.

But it is a distinct honor and privilege to have you before the committee. After your testimony, as you know, we will take up with your agency heads and the different members of your staff the items as they come up in the fiscal year 1991 budget request for education.

We have some amounts that are before the committee that we will correct. Mr. Secretary, with your help, we will bring out a good bill for education. You and your staff always help us. You have in your Department a lot of unusually well-qualified people, Mr. Secretary. You know that better than I do.

On behalf of our staff of this subcommittee, we want to thank you for the work that your people do with our people in preparing us so we can hold these hearings.

Mr. Conte, before I call upon the Secretary, would you care to make a general statement?

Mr. CONTE. Thank you, Mr. Chairman.

OPENING REMARKS BY MR. CONTE

Thank you, Mr. Chairman, I agree with everything that you said. It is a distinct pleasure to have the Secretary here, and it is also a pleasure to be able to serve with you, Mr. Chairman. We have produced many good bills in our years together on this committee. While we have not always agreed with the Administration, we have been successful in crafting our own bills, getting them through the Congress and getting them signed by the President.

Mr. Secretary, it is a pleasure to see you once again. If I were to describe a Texan with close ties to New England and Massachusetts, with a great love for a very large extended family, and dedicated to improving education in America, someone would think I was describing the President. But of course, I would also be describing the Secretary of Education.

I welcome you here, and the Assistant Secretary, Mr. Kolb, and of course, Sally Christensen; I don't know what we would do without her. I think we would all be lost.

Thank you, Mr. Chairman.

Mr. NATCHER. Mr. Secretary, we will be pleased to hear from you at this time.

OPENING REMARKS BY SECRETARY LAURO CAVAZOS

Secretary CAVAZOS. Thank you, Mr. Chairman. I have a full statement I would like to submit for the record.

Mr. NATCHER. It will be incorporated in its entirety.

Secretary CAVAZOS. Thank you. I will read an abbreviated statement.

STATEMENT OF SECRETARY OF EDUCATION

Mr. Chairman and members of the committee, I am pleased to appear before you today to discuss the President's 1991 budget for the Department of Education.

This budget has particular significance on two counts. It is the first budget developed fully by President Bush's Administration, and it is the first budget presented to the Congress as we enter a new decade.

EDUCATION SUMMIT CONFERENCE

Last September saw an historic event in education—the convening by the President of the Nation's Governors in Charlottesville for an Education Summit Conference; only the third time in our Nation's history that the President has called a summit with the Governors.

SUMMIT'S STATEMENT ON FEDERAL EDUCATION ROLE

From the summit emerged a statement reconfirming a Federal role that promotes educational opportunity for all our citizens and that provides information and assistance for pursuing excellence in education. Agreement was reached on an agenda for the future: To set national education goals, to seek greater flexibility and accountability in the use of Federal resources, to restructure our education system, and to report annually on the progress in achieving our goals.

Our budget builds upon this national commitment to education. By emphasizing investments in research and education reform, reforms that are sorely needed if we are to remain competitive as a Nation, it is a forward-looking budget as we enter the last decade of the 20th century.

FY 1991 BUDGET PRIORITIES

In allocating resources, we have focused on our highest priorities: fostering excellence in education and rewarding successful performance, reducing the dropout rate, expanding pre-school education, strengthening science and mathematics education, fighting adult illiteracy, and helping to provide a drug-free environment in our schools.

By emphasizing these priorities, we can make significant strides toward improving the achievement of elementary and secondary school children in reading, writing, and other basic skills, and maximize our Federal resources to help States and localities make the Charlottesville commitment a reality.

In postsecondary education, we are continuing our commitment to providing aid to needy college students, as well as expanding access to graduate education for disadvantaged and minority groups.

FY 1991 TOTAL BUDGET REQUEST

Our 1991 budget for the Department totals $24,600,000,000, an increase of more than $500,000,000 over the 1990 level. Within this total, we are proposing an overall increase of 6.2 percent in discretionary programs.

For entitlement programs, the budget includes a 12.6-percent reduction due to projections of decreasing interest rates. Within the budget, we have allocated increases totalling $1,800,000,000 to high-priority areas and new initiatives. These increases are derived from $1,300,000,000 in reductions in guaranteed student loans and lower priority programs, along with the $500,000,000 in additional funds.

About 15 percent of our budget, or $3,900,000,000, will support primarily educational research, the gathering of statistics, and various educational reform and improvement activities. While this is a relatively small portion of the Department's total budget, these activities can potentially influence over $350,000,000,000 in total education spending at the Federal, State and local levels. The remaining 85 percent of our budget—some $20,700,000,000—will assist the disadvantaged, the handicapped, minorities, and needy college students.

I would now like to highlight for you a few examples of how our budget will address our highest priorities.

PROMOTING AND REWARDING EDUCATIONAL EXCELLENCE

Fostering excellence in education and rewarding successful performance are key Federal activities in the Nation's education reform movement, and are a major thrust in our 1991 budget.

RESEARCH, STATISTICS AND ASSESSMENT BUDGET INCREASE

For research, statistics, and assessment activities, a 28-percent increase, to almost $122,000,000, will help us to learn more about the condition of our education system, the achievement of our students, and strategies that work. These activities have never been more important than now, as we pursue our national goals. It is these relatively small investments that can have the greatest impact on education reform in the long run.

EDUCATION SUMMIT FOLLOW-UP

We are seeking $20,000,000 for Education Summit follow-up activities to carry forward the agreements reached at the summit, such as implementing legislation to provide flexibility and enhanced accountability, and developing new measures for assessing progress toward our national goals.

PRESIDENTIAL MERIT SCHOOLS

Presidential Merit Schools, funded at $225,000,000, will encourage and reward schools that improve student performance in basic skills, create a safe and drug-free environment, and reduce the dropout rate.

MAGNET SCHOOLS OF EXCELLENCE

To bring the benefits of magnet schools and enhanced educational choice within the reach of communities whether or not they qualify under the current desegregation-related program, funding for Magnet Schools of Excellence is proposed at $100,000,000.

PERSONNEL TRAINING AND RECOGNITION INITIATIVES

Three new initiatives focus on preparing and rewarding education personnel: $25,000,000 for Alternative Certification programs will help States expand the pool of talent from which they draw teachers and principals; $25,000,000 will support a Principal Training program to improve the preparation of school leaders; and $7,600,000 for Presidential Awards in Education will recognize those teachers who meet the highest standards of excellence.

DROPOUT PREVENTION PROGRAMS AND DEMONSTRATIONS

Reducing the dropout rate is a priority I have repeatedly discussed. Only 71 percent of our high school students graduate with their class and, despite efforts by many States, this has improved very little in recent years. If we are to meet the challenges of the 21st century, many more of our citizens will have to attain at least a high school diploma. Our budget, therefore, provides major funding increases for elementary and secondary programs to help at-risk students complete their schooling.

For instance, Chapter 1 grants to local educational agencies totaling $5,000,000,000, an increase of 8 percent, will provide compensatory educational services for over 6,000,000 disadvantaged children.

We are proposing $45,000,000 for a new, carefully designed and structured program of Dropout Prevention Demonstrations to determine the most effective strategies to reduce school dropouts and to ensure that these strategies are identified for use by other schools around the country. Another $5,000,000 will support research activities, including a national research center, to assist States and localities in their efforts to reduce dropouts.

Under a $175,000,000 bilingual education program, some 295,000 limited English-proficient children, an increase of 41,000, will be taught English so that they can succeed in school and in society.

PRE-SCHOOL EDUCATION

Another area of vital concern to us is pre-school education. All students must enter school ready to learn. Thus, our 1991 budget directs significant resources to programs that provide services to at-risk children at the pre-school level.

EVEN START PROGRAM INCREASE

We are proposing to double Even Start, to $48,000,000, to help the parents of disadvantaged children become full partners in the education of their children. Additionally, we estimate that the request for other Chapter 1 programs will direct about $387,000,000 to almost 500,000 disadvantaged pre-school children.

EDUCATION FOR THE HANDICAPPED

In the area of education for the handicapped, Federal support will increase for 355,000 pre-school children, 4,000 more than in 1990; and assistance will be increased for the statewide systems that coordinate services to all infants, birth through 2 years of age, and their families.

INCREASED BUDGET FOR SCIENCE AND MATHEMATICS

American students consistently fall behind their international peers in science and mathematics achievement. These subjects are key to our Nation's productivity, economic competitiveness, and future prosperity. Our budget, therefore, includes major increases to address this need.

For the Eisenhower Mathematics and Science Education program, a 70-percent increase to $230,000,000 will help States improve the preparation of teachers and raise achievement levels of American students in these subjects.

To encourage scientific achievement among high school students, $5,000,000 will fund the first-year costs of a National Science Scholars program under which graduating seniors will receive college scholarships to pursue science, mathematics and engineering.

Our request of $25,500,000, more than a 60-percent increase, for Graduate Assistance in Areas of National Need will expand support for fellowships in the fields of chemistry, physics, mathematics and engineering.

LITERACY PROGRAMS

As many as one in five American adults may be functionally illiterate, at a time when employers are increasingly requiring workers with more advanced skills. Our budget helps support the national fight against illiteracy by focusing on the Department's adult literacy programs.

For Adult Education Grants to States, a 27-percent increase to $200,000,000 will help States teach basic skills to 2,400,000 illiterate adults and assist another 1,000,000 in attaining high school equivalency.

We are also seeking major increases for Literacy Training for Homeless Adults, Library Literacy Programs, and Adult Education National Programs, including the establishment of a National Adult Literacy Clearinghouse.

DRUG-FREE SCHOOLS AND COMMUNITIES PROGRAMS

A critical first step in our fight against drug abuse is to make our children aware of the devastating effects of drugs on their lives. Thus, the Drug-Free Schools and Communities Act is a key component of the Administration's war on drugs.

For grants to States we are requesting $487,600,000, over an 11-percent increase, for State and local drug education programs.

Emergency grants, one of President Bush's original education initiatives that was enacted in 1989, will target dollars to school districts with the most severe drug problems. Funded at $25,000,000 in each year, the program will be administered under the State grants authority in 1990 and as a national discretionary program in 1991.

Our request of $66,100,000, an 8-percent increase, will support a variety of National programs under the Act, such as education and prevention programs for college students, five regional centers that train school teams and provide technical assistance to schools, and dissemination of audio-visual and other curricular materials to schools.

HIGHER EDUCATION PRIORITIES AND REAUTHORIZATION

In the area of postsecondary education, the Administration will submit its proposals for reauthorization of the Higher Education Act with the 1992 President's budget next year. During the coming months, we will be reviewing public comments and developing our specific recommendations. In the meantime, our 1991 budget continues to emphasize our highest priority in this area: Providing financial aid and special services for needy college students.

Our student aid request will continue to ensure that more than $18,000,000,000 in grants, loans and work-study will be available to some 5,900,000 college students.

For Pell Grants, the 1991 budget includes $371,000,000 to meet expected shortfalls in academic years 1989-1990 and 1990-1991, and restores eligibility for 169,000 less-than-half-time students in academic year 1991-1992.

Significant increases are proposed for endowment grants to historically black colleges and universities and to other developing institutions; for academic counseling and support services for disadvantaged students; and for scholarship and fellowship programs to meet national manpower needs and improve access for disadvantaged populations, including minorities, to graduate education.

PLACING THE FEDERAL EDUCATION BUDGET IN PERSPECTIVE

Before concluding, I would like to take a minute to place our Federal budget in its proper perspective.

We must keep in mind that the Department's programs account for only 6 percent of our total national expenditures for education, and appropriately so, since the primary responsibility for education lies at the State and local levels.

NATIONAL EDUCATION FUNDING IN 1989-90

During the current school year, our Nation will spend from all sources some $353,000,000,000 on education, increases of $23,000,000,000 from last year and over $61,000,000,000, even after inflation, over the past decade.

INTERNATIONAL COMPARISONS OF EDUCATION FUNDING

Let me add a note of caution here. There has been some controversy regarding a recent study challenging some data that we have used to compare education spending in this country with other nations. We stand by our statement that we do spend more per student than most other industrialized countries.

The important point is that such reports, and subsequent technical debates over which numbers are more correct, serve only to deflect us from the real issue: ensuring that our education dollars are well spent. We have successfully changed the focus of the national debate on education from inputs to outputs, from resources to results. Let us not be diverted from this. Let us work together constructively, and let us expend our energies in a positive vein.

SOLVING EDUCATION'S PROBLEMS

Although this is the largest Federal budget ever for education, it will not make everybody happy. I repeat what I have said many times: Money alone will not solve our education problems. Other factors—more basic and more critical—can make a real difference.

For example, high expectations on the part of parents and teachers for their children's and their students' achievement can make a dramatic difference. New governance structures, such as greater parental choice along with school-based management, must be tried where our traditional systems have failed. And accountability procedures must be put into place to ensure that we are getting the most for our investment. We will continue to provide national leadership in urging all partners in the education enterprise to pursue these objectives.

I am sure that working together, we can move ahead. Thank you. I will be happy to respond to your questions.

[The information follows:]

DEPARTMENT OF EDUCATION

Statement by the Secretary of Education
on the
FY 1991 U.S. Department of Education Budget

Mr. Chairman and Members of the Committee:

I am pleased to appear before you today to discuss the President's 1991 Budget for the Department of Education.

This budget has particular significance on two counts. It is the first budget developed fully by President Bush's Administration, and it is the first budget presented to the Congress as we enter a new decade.

Last September saw an historic event in education--the convening by the President of the Nation's Governors in Charlottesville for an Education Summit Conference--only the third time in our Nation's history that the President has called a Summit with the Governors. From the Summit emerged a statement reconfirming a Federal role that promotes educational opportunity for all our citizens and that provides information and assistance for pursuing excellence in education. Agreement was reached on an agenda for the future: to set national education goals, to seek greater flexibility and accountability in the use of Federal resources, to restructure our education system, and to report annually on the progress in achieving our goals.

Our budget builds upon this national commitment to education. By emphasizing investments in research and education reform--reforms that are sorely needed if we are to remain competitive as a Nation--it is a forward-looking budget as we enter the last decade of the 20th century.

In allocating resources, we have focused on our highest priorities--fostering excellence in education and rewarding successful performance, reducing the dropout rate, expanding preschool education, strengthening science and mathematics education, fighting adult illiteracy, and helping to provide a drug-free environment in our schools. By emphasizing these priorities, we can make significant strides toward improving the achievement of elementary and secondary school children in reading, writing, and other basic skills, and maximize our Federal resources to help States and localities make the Charlottesville commitment a reality. In postsecondary education, we are continuing our commitment to providing aid to needy college students, as well as expanding access to graduate education for disadvantaged and minority groups.

Our 1991 budget for the Department totals $24.6 billion, an increase of more than $500 million over the 1990 level. Within this total, we are proposing an overall increase of 6.2 percent in discretionary programs. For entitlement programs, the budget includes a 12.6 percent reduction due to projections of decreasing interest rates. Within the budget, we have allocated increases totaling $1.8 billion to high priority areas and new initiatives. These increases are derived from $1.3 billion in reductions in Guaranteed Student Loans and lower priority programs, along with the $500 million in additional funds.

About 15 percent of our budget, or $3.9 billion, will support primarily educational research, the gathering of statistics, and various educational reform and improvement activities. While this is a relatively small portion of the Department's total budget, these activities can potentially influence over $350 billion in total education spending at the Federal, State, and local levels. The remaining 85 percent of our budget--some $20.7 billion--will assist the disadvantaged, the handicapped, minorities, and needy college students.

I would now like to highlight for you a few examples of how our budget will address our highest priorities.

Fostering excellence in education and rewarding successful performance are key Federal activities in the Nation's education reform movement, and are a major thrust in our 1991 budget.

- For research, statistics, and assessment activities, a 28 percent increase--to almost $122 million--will help us to learn more about the condition of our education system, the achievement of our students, and strategies that work. These activities have never been more important than now, as we pursue our national goals. It is these relatively small investments that can have the greatest impact on education reform in the long run.

- We are seeking $20 million for Education Summit Follow-Up activities to carry forward the agreements reached at the Summit, such as implementing legislation to provide flexibility and enhanced accountability, and developing new measures for assessing progress toward our national goals.

- Presidential Merit Schools, funded at $225 million, will encourage and reward schools that improve student performance in basic skills, create a safe and drug-free environment, and reduce the dropout rate.

- To bring the benefits of magnet schools and enhanced educational choice within the reach of communities whether or not they qualify under the current desegregation-related program, funding for Magnet Schools of Excellence is proposed at $100 million.

- Three new initiatives focus on preparing and rewarding education personnel: $25 million for Alternative Certification programs will help States expand the pool of talent from which they draw teachers and principals, $25 million will support a Principal Training program to improve the preparation of school leaders, and $7.6 million for Presidential Awards in Education will recognize those teachers who meet the highest standards of excellence.

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- o Chapter 1 grants to local educational agencies totaling $5 billion, an increase of 8 percent, will provide compensatory educational services for over 6 million disadvantaged children.
- o We are proposing $45 million for a new, carefully designed and structured program of Dropout Prevention Demonstrations to determine the most effective strategies to reduce school dropouts and to ensure that these strategies are identified for use by other schools around the country. Another $5 million will support research activities, including a national research center, to assist States and localities in their efforts to reduce dropouts.
- o Under a $175 million Bilingual Education program, some 295,000 limited English proficient children--an increase of 41,000--will be taught English so that they can succeed in school and in society.

Another area of vital concern to us is preschool education. All students must enter school ready to learn. Thus, our 1991 budget directs significant resources to programs that provide services to at-risk children at the preschool level.

- o We are proposing to double Even Start--to $48 million--to help the parents of disadvantaged children become full partners in the education of their children. Additionally, we estimate that the request for other Chapter 1 programs will direct about $387 million to almost 500,000 disadvantaged preschool children.
- o In the area of education for the handicapped, Federal support will increase for 355,000 preschool children, 4,000 more than in 1990; and assistance will be increased for the statewide systems that coordinate services to all infants, birth through 2 years of age, and their families.

American students consistently fall behind their international peers in science and mathematics achievement. Yet these subjects are key to our Nation's productivity, economic competitiveness, and future prosperity. Our budget, therefore, includes major increases to address this need.

- o For the Eisenhower Mathematics and Science Education program, a 70 percent increase to $230 million will help States improve the preparation of teachers and raise achievement levels of American students in these subjects.

- To encourage scientific achievement among high school students, $5 million will fund the first year costs of a National Science Scholars program under which graduating seniors will receive college scholarships to pursue science, mathematics, and engineering.

- Our request of $25.5 million, more than a 60 percent increase, for Graduate Assistance in Areas of National Need will expand support for fellowships in the fields of chemistry, physics, mathematics, and engineering.

As many as one in five American adults may be functionally illiterate, at a time when employers are increasingly requiring workers with more advanced skills. Our budget helps support the national fight against illiteracy by focusing on the Department's adult literacy programs.

- For Adult Education Grants to States, a 27 percent increase to $200 million will help States teach basic skills to 2.4 million illiterate adults and assist another one million in attaining high school equivalency.

- We are also seeking major increases for Literacy Training for Homeless Adults, Library Literacy Programs, and Adult Education National Programs, including the establishment of a National Adult Literacy Clearinghouse.

A critical first step in our fight against drug abuse is to make our children aware of the devastating effects of drugs on their lives. Thus, the Drug-Free Schools and Communities Act is a key component of the Administration's war on drugs.

- For Grants to States we are requesting $487.6 million, over an 11 percent increase, for State and local drug education programs.

- Emergency Grants, one of President Bush's original education initiatives that was enacted in 1989, will target dollars to school districts with the most severe drug problems. Funded at $25 million in each year, the program will be administered under the State grants authority in 1990 and as a national discretionary program in 1991.

- Our request of $66.1 million, an 8 percent increase, will support a variety of National Programs such as education and prevention programs for college students, five regional centers that train school teams and provide technical assistance to schools, and dissemination of audio-visual and other curricular materials to schools.

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- Significant increases are proposed for endowment grants to Historically Black Colleges and Universities and to other developing institutions; for academic counseling and support services for disadvantaged students; and for scholarship and fellowship programs to meet national manpower needs and improve access for disadvantaged populations, including minorities, to graduate education.

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We must keep in mind that the Department's programs account for only 6 percent of our total national expenditures for education--and appropriately so, since the primary responsibility for education lies at the State and local levels. During the current school year, our Nation will spend from all sources some $353 billion on education, increases of $23 billion from last year and over $61 billion, even after inflation, over the past decade.

Let me add a note of caution here. There has been some controversy regarding a recent study challenging some data that we have used to compare education spending in this country with other nations. We stand by our statement that we do spend more per student than most other industrialized countries. The important point is that such reports--and subsequent technical debates over which numbers are more correct--serve only to deflect us from the real issue: ensuring that our education dollars are well spent. We have successfully changed the focus of the national debate on education from inputs to outputs, from resources to results. Let us not be diverted from this. Let us work together constructively, and let us expend our energies in a positive vein.

Although this is the largest Federal budget ever for education, it will not make everybody happy. I repeat what I have said many times: money alone will not solve our education problems. Other factors--more basic and more critical--can make a real difference. For example, high expectations on the part of parents and teachers for their children's and their students' achievement can make a dramatic difference. New governance structures--such as greater parental choice along with school-based management--must be tried where our traditional systems have failed. And accountability procedures must be put into place to ensure that we are getting the most for our investment. We will continue to provide national leadership in urging all partners in the education enterprise to pursue these objectives.

I will be happy to respond to your questions.

Biographical Sketch

NAME : Lauro F. Cavazos

POSITION : U.S. Secretary of Education

BIRTHPLACE AND DATE : King Ranch, Texas, January 4, 1927

EDUCATION : Texas Tech University, 1949, B.A. in Zoology
Texas Tech University, 1951, M.A. in Zoology (Cytology)
Iowa State University, 1954, Ph.D. in Physiology

EXPERIENCE

1988-Present : Secretary, U.S. Department of Education

1980-1988 : President, Texas Tech University and Texas Tech University Health Sciences Center
Professor of Biological Sciences, Texas Tech University
Professor of Anatomy, Texas Tech University Health Sciences Center

1973-1980 : Dean (Acting, 1973-75), Tufts University School of Medicine

1972-1973 : Associate Dean, Tufts University School of Medicine

1964-1972 : Chairman of Anatomy, Tufts University School of Medicine

1964-1980 : Professor of Anatomy, Tufts University School of Medicine

1960-1964 : Associate Professor of Anatomy, Medical College of Virginia

1956-1960 : Assistant Professor of Anatomy, Medical College of Virginia

1954-1956 : Instructor in Anatomy, Medical College of Virginia

1949-1951 : Teaching Assistant, Texas Tech University, Lubbock, Texas

1945-1946: : U.S. Army

Biographical Sketch - Lauro F. Cavazos

RECENT CHAIRMANSHIPS:

- Chairman, Southwest Athletic Conference Council of Presidents, 1987-88.
- Chairman, Education Committee, Texas Science and Technology Council, 1984-85.
- Chairman, Speaker Bill Clayton's Vital Issues Project for Higher Education in Texas, 1982-83.
- Chairman, Governor's Task Force on Undocumented Mexican Workers, 1981-82.
- Chairman, Accreditation Study Committee of the Association of Texas Colleges and Universities, 1981-83.
- Chairman, Governor's Higher Education Effectiveness Council, 1981-82.

HONORS AND AWARDS :

- President's Medal for Distinguished Achievement, City College of New York, 1989.
- Medal of Honor, University of California, Los Angeles, 1989.
- Midby-Byron Distinguished Leader Award, University of Nevada at Reno, 1989.
- Medal of Merit, Pan American University, 1988.
- 1988 LULAC National Hispanic Leadership Award in the field of education.
- Lauro F. Cavazos Award for outstanding service to Texas Tech University designated by Ex-Students Association, October 1987.
- Named as one of "100 Influential Hispanics" by Hispanic Business magazine, August 1987, Vol. 9, No. 8.
- Hispanic Hall of Fame Award, League of United Latin American Citizens, 1987.
- Distinguished Service Medal, Uniformed Services University for the Health Sciences, 1985.
- Outstanding Leadership Award in the Field of Education, presented by President Ronald Reagan, 1985.
- Hispanic Educator of the Year, Texas Chapter of the League of United Latin American Citizens, 1983.
- Education and Teaching Awards--from graduating medical class on five occasions.
- Alumni Achievement Award, Iowa State University, 1979.
- Distinguished Alumnus, Texas Tech University, 1977.
- Honorary Member, Tufts Medical Alumni Association, 1976.

SINGLE MOST CRITICAL EDUCATION PROBLEM

Mr. **Natcher.** Thank you, Mr. Secretary.

Mr. Secretary, what do you consider to be the single most important problem in education today? What would you say?

Secretary **Cavazos.** Well, Mr. Chairman, I think that they come under a large covering. I will lay out one, because it is at the national level, and then I would like to break it down a little bit from that point.

I would say that the biggest problem that we have in this country is the refusal of this Nation to recognize that it has a serious educational problem and our students are not competing, for a host of reasons we know about, both at the elementary and secondary level, as well as at the postsecondary, level although we are doing fairly well in postsecondary education.

I think that continues to be the problem, and we must find ways of getting the Nation to change the deficiencies in that educational system.

PRESIDENT'S EDUCATION GOALS FOR THE YEAR 2000

Mr. **Natcher.** Will you just briefly review for the committee the President's education goals that he outlined in his State of the Union message? What are the President's goals as far as education is concerned as set forth in his State of the Union message?

Secretary **Cavazos.** In his State of the Union message, he touched upon six goals: First, by the year 2000, all children in America will start school ready to learn; second, by the year 2000, we will increase the percentage of students graduating from high school to at least 90 percent. In my testimony, I indicated 71 percent now complete high school.

Third, by the year 2000, American students will leave grades 4, 8 and 12 having demonstrated competency in English, history, science and geography. As you know, we were not doing well in English, writing competency or geography.

Goal four: By the year 2000, U.S. students will be first in the world in science and mathematics achievement. We have submitted a request for a 70-percent increase for the Eisenhower Mathematics and Science Education program. In addition, we will continue to work with the National Science Foundation to coordinate math and science activities.

Fifth, literacy and life-long learning, by the year 2000, every adult American will be literate and will be able to exercise the rights and responsibilities of citizenship. We are requesting a 27-percent increase for adult education and literacy programs.

Finally, every school in America will be free of drugs and offer a disciplined environment conducive to learning. I have mentioned our request for additional drug prevention and education dollars, bringing the Department's budget for Drug-free Schools and Communities programs up to almost $600,000,000 to help the States fight the scourge of drugs.

Those are the major goals of the President.

TOTAL FY 1991 EDUCATION REQUEST

Mr. NATCHER. As you pointed out, the President's budget request for fiscal year 1991 is $24,681,000,000. This, as you know, is only a 2-percent increase over the 1990 fiscal year level, less than half of what is necessary to cover inflation.

BUDGET INCREASES IN RELATION TO EDUCATION GOALS

Now, the amount requested, Mr. Secretary, is that compatible with the goals that you have just stated to the committee?

Secretary CAVAZOS. I think it is. Let's look at the budget in another way, perhaps. You are absolutely correct in saying it is 2.1 percent over 1990, but I would like to look at the budget in two phases: One, discretionary expenditure, as well as in the entitlement area.

If we look at it that way, and look at the fact that we have added $500,000,000 in new budget authority and you take the $1,300,000,000 in guaranteed student loans and lower priority programs, and add that to the $500,000,000, that results in $1,800,000,000 for high priority areas and new initiatives.

If you look at it that way, we are proposing an increase of 6.2 percent, well beyond inflation, for the discretionary programs. Where we take our cut, which is over 12 percent because of the interest rate adjustment, is in the entitlement area. I think it becomes a good budget.

As a matter of fact, that 6.2 percent in discretionary program spending is the highest at the cabinet level in terms of discretionary programs, so I feel very good about that, sir.

FY 1991 BUDGET REQUEST TO OMB

Mr. NATCHER. How much did your Department request of OMB for education for fiscal year 1991, Mr. Secretary?

Secretary CAVAZOS. Actually, we submitted our request, as you recognize, in a variety of ways, because we had to relate to the 1990 Gramm-Rudman base line. For that, we had three options, the freeze level, then at a reduced level from that Gramm-Rudman level, and then a third option that reflects an overall increase that we were predicting would happen.

Those options formed the basis of our discussion there, and we really were adjusting on this thing. Actually, our total request was $26,300,000,000, but that was only a 4-percent overall increase over our predicted appropriation of $25,300,000,000.

As you know, our final appropriation under sequester was $24,100,000,000, so it pulled that 1991 number back down, also. We met and had long, excellent discussions with the Office of Management and Budget. I think that the budget that came forth is one that will permit us to deliver the programs that we need to do, sir.

Mr. NATCHER. Then the overall amount was about $1,600,000,000 over the current amount as now before the committee?

Secretary CAVAZOS. That was the original adjustment, the 4 percent. I think certainly with the $500,000,000 and if we tie to that, of course, the interest rate expectations that we have there, we therefore come forth with, I think, a considerable amount of funding for new programs and new initiatives. Basically what we really need to do and what I have tried to emphasize to our people in the Department is that we almost have to start at the bottom and build this budget, not just add on to the programs, but do some tough evaluations of what we are doing, and redirect those dollars.

From my management viewpoint, that is the responsible way to approach the budget.

PROPOSED ALLOCATION OF ADDITIONAL 1991 APPROPRIATIONS

Mr. **Natcher.** Last year, if you recall, we asked your advice as to where additional money should be used in the field of education if the committee decided to increase the amount. You gave us good advice then. Now, assuming that the committee increases the amount for education over and above the amount that is before the committee at this time, where should this money go, Mr. Secretary?

Secretary **Cavazos.** First, Mr. Chairman, I want to thank the committee for its support last year. We worked together and came forth with a good bill. I think that, not knowing exactly what those dollars are and the direct categories, there really continue to be two major areas where I would like to put emphasis: one is helping out disadvantaged students, Chapter 1, early childhood; and the other area would be Pell Grants.

If you go back and look at what we have done during the time I have been Secretary, every time we have redirected funds, they have either gone to Pell or Chapter 1. I will be consistent with that, because those areas are where we continue to have a lot of need.

Mr. **Natcher.** We would like you to submit to this committee a plan showing how you would recommend that an additional $2 billion be allocated among Department of Education activities if this committee is able to add at least that amount to the President's request. Just assuming that the figure is $2,000,000,000, and if we have our way it will be more than that, Mr. Secretary.

[The information follows:]

The following insert for the record was submitted by Charles E.M. Kolb, Deputy Under Secretary for Planning, Budget and Evaluation.

PROPOSED DISTRIBUTION OF POTENTIAL $2 BILLION IN ADDITION TO THE DEPARTMENT OF EDUCATION'S FY 1991 BUDGET

(BA in Millions)

Priority would be given to those programs that focus on disadvantaged populations and that contribute toward the achievement of the Nation's education goals.

Program	Amount	Explanation 1/
Elementary and Secondary Education		
Chapter 1: Compensatory Education for the Disadvantaged:		
Grants to Local Educational Agencies	+$750	Would enable local education agencies either to enrich existing programs for disadvantaged children, or to expand services to additional disadvantaged children; and would permit greater spending on secondary school children.
Even Start	+100	Would initiate State formula program, and increase the number of new local projects by approximately 504, from 131 to 635.
Chapter 2: Educational Improvement--State Block Grants	+100	Would increase the average State grant by $1.9 million, from $9.1 million to $11.0 million, to help States pursue national education goals.

1/ Estimates reflect changes in addition to those increases over 1990 that are already included in the 1991 President's Budget request.

Eisenhower Mathematics and Science Education:		
State grants.................	+200	Would increase the average local school district grant by $9,000, from $10,500 to $19,500, and provide for increased activity among higher education institutions.
Education for the Handicapped--State Grants..................	+200	Would increase the Federal share from $365 per child to $410, thereby increasing the Federal share of excess costs from about 7 to 8 percent.
Postsecondary Education		
Pell Grants....................	+250	Would increase maximum grant by $100, from current level of $2,300 to $2,400; provide grants to 42,000 additional recipients, from 3,389,000 to 3,431,000; and increase the average award by $56, from $1,443 to $1,499.
Special Programs for Disadvantaged Students (TRIO).	+100	Would provide counseling, tutoring, and other support services to encourage an additional 247,800 students, from 571,200 to 819,000, to enter and complete postsecondary education.
Vocational and Adult Education		
Vocational Education and Department of Labor...........	+100	Would be used to promote activities related to the national education goal on adult literacy and lifelong learning under the newly reauthorized Carl D. Perkins Vocational Education Act and the Job Training Partnership Act at the Department of Labor.

Adult Education State Grants...	+200	Would provide additional basic education and high school equivalency for adults, to carry out the national education goal on adult literacy and lifelong learning.
TOTAL..........	+2,000	

EDUCATIONAL RESTRUCTURING REQUIRED

Mr. NATCHER. It is a pleasure to yield to Mr. Conte, the ranking minority member in this committee and the ranking minority member on the full committee. Education doesn't have a better friend in the country. I yield to Mr. Conte.

Mr. CONTE. Thank you, Mr. Chairman.

A few weeks ago the test results of student achievement, were released. They were most discouraging. Mr. Secretary, you said reading and writing skills of American students remain dreadfully inadequate. Does this indicate that all the efforts at reform over the past decade has produced very little in the way of results?

Secretary CAVAZOS. I agree with you, Mr. Conte. I think part of our problem is that we have not approached reform as an entire Nation. We have gone at it at bits and pieces. Even after inflation across the last decade, in elementary and secondary education, a little over $40,000,000,000 of new money has gone into that area.

But we have not seen the results, as you pointed out. Therefore, I think what we have failed to do is change the system. We have been pushing that in the Department. We have been out in the Nation urging people that what we need to do is change the system itself to make it viable.

IMPORTANCE OF GOAL-SETTING IN REFORM

Mr. CONTE. Why is goal-setting, which the President and the National Association of Governors are now engaged in, the appropriate response to our apparent failure to produce excellence within our education system?

Secretary CAVAZOS. I think it is an important first step for a variety of reasons. First of all, it helps us lay out the issue as a Nation, by determining where we hope to move ahead, and by calling attention to that. But it is very, very important, Mr. Conte, that we also measure those goals.

It is not enough to just set goals because we have to know two, five or 10 years down the road whether we are making progress with this change. This budget has quite a bit of funding which goes to research and measurement. We feel that is an important first step.

The most important area is taking the initiatives, the goals laid out by the President and the Governors, and translating those to the local level. I hope every State in America looks at those goals and then sets its own goals, and I hope every school district does the same thing, and that every parent in America will work with their children and set their own goals to reflect this.

It becomes a national commitment to reach those goals. This is the first time this Nation has ever set those kinds of goals, and I think it is an important first step.

DISCIPLINE AND POSITIVE LEARNING ENVIRONMENT

Mr. CONTE. I don't know if you read the best seller, "Among School Children," by Tracy Kidder.

Secretary CAVAZOS. Yes, I did.

Mr. CONTE. It is about a school in Holyoke in my district, and how difficult it is for a teacher; how much time the teacher spends trying to control the unruly students. What are we doing to address that issue of helping teachers create positive environments for learning within the classroom?

INFLUENCE OF PARENTAL INVOLVEMENT

Secretary **Cavazos**. I think a variety of things that are happening here will create that positive attitude. I think the most important thing that we have to do as a Nation is to get the parents involved even more in terms of that discipline and in terms of working with the school teachers.

I think that is the failure there, that we have not gotten the parents into the classroom. We have been pushing school-based management where the teachers and principals are involved in making the decisions. After you do that, the discipline thing starts to take care of itself.

TRAINING OF PRINCIPALS AND TEACHERS

In terms of dollars in the budget, we have added a new program, $25,000,000 for principal training. We think that is very important. I go to a lot of schools during the year. I always set aside a few moments to visit quietly with the principal in his or her office. In a few minutes, you can determine what kind of principal we have here, because it permeates the entire system. We want to improve principal preparation.

Secondly, we have additional dollars for teacher training in a variety of areas. By doing that, we can start getting back to the kinds of teaching environment we would like to see.

DROPOUT DEMONSTRATION PROGRAMS IN MASSACHUSETTS

Mr. **Conte**. I have offered my suggestions about the underachievement program we started this year to teach students who need extra attention. In Massachusetts, other experiments are under way, such as Boston University running the Chelsea Schools. Now, in Holyoke, Mt. Holyoke College is creating a middle school addressing teenage pregnancy.

The dropout situation among pregnant teenagers is very serious. Aren't these the kinds of far-reaching initiatives that are really required to turn things around? I am very excited about the Mt. Holyoke middle-school project.

I have the distinction of representing the city with the highest teenage pregnancy rate. Up to 4 years ago, Holyoke was the city with the highest infant mortality rate. Now I have the privilege of serving the same city with the highest dropout rate in Massachusetts. I am working to get demonstration programs going which address the problems of Holyoke.

But most programs are just Band-Aids. As in the case of Holyoke, a demonstration program can change the infant mortality rate, from first, to where we are now, about eighth. And with the dropout rate—we did get a demonstration grant to help pregnant mothers who are drug addicts. That demonstration program is going. But neither program is putting your finger on the source.

Frequently these children come from broken homes or unwed mothers. When they leave school they return to an environment that is indescribable, it is so bad. They see terrible things.

How can we expect them to study? To have the initiative to return to school the next morning? When you say it has to start at home, you are right.

That's why the Mt. Holyoke project is so exciting. We're setting it up so the children go to school from 7:30 in the morning to 5:30 in the afternoon. Between 3:00 to 5 or 5:30, the three colleges, University of Massachusetts, Mt. Holyoke and Hampshire, will tutor the students on a one-to-one basis. It is an exciting concept.

We want to get enough money to build dormitories for the children so we can keep them out of the negative conditions they face at home. We are also working with Mr. Herman and Upfield School, where Upward Bound was started, to take some of these children and get them into the prep schools. So, we can get them out of the cycle of poverty and poor education. Mr. Secretary, doesn't that get you excited?

Secretary CAVAZOS. First, I want to compliment your district on an outstanding job. Early on in my administration, having had, of course, practically all of my career in higher education, I met with university presidents and groups in universities throughout the Nation, and they said, well, what should we be doing in terms of education?

I said, I think one of the most important jobs that you should be doing is making sure you involve yourselves in the district and community in which your university is located, participate in the restructuring of the schools, doing exactly the types of things that you pointed out Mt. Holyoke is doing, or that Boston University is doing with Chelsea.

The quality of student that comes to the university will be no better than the student in secondary education today. In the past, higher education has been hesitant to get involved. Now they are starting to do that. Those are good examples of the kinds of things that need to be going on.

In addition, some of the other things you have been doing are consistent with what we have been advocating. One way of restructuring is extending the school day, using that time for the kinds of things we have been talking about. It gives me heart. I am sure people in the past said it is not practical, it is not real, and they gave you 100 reasons why it would not work.

Your district is showing how it can work. It is demonstrations like that which we spread throughout the Nation. Getting the university presidents involved in secondary education, that is a new concept, but I think it might be helpful.

Mr. CONTE. I am pleased with your answer. Down the line, we'll be looking for some help from you.

Mr. NATCHER. I will now yield to Mr. Smith of Iowa. Mr. Smith is the chairman of the subcommittee that appropriates money for the Departments of State, Justice and Commerce. Education is where he started. I will yield to you.

EDUCATION FUNDING BY LEVEL OF EDUCATION

Mr. SMITH of Iowa. The chairman and I have been on this subcommittee for 26 years, I guess. We have seen the education budget increase from virtually nothing to—how many billions of dollars is it now?

Secretary CAVAZOS. $24,100,000,000, sir.

Mr. SMITH of Iowa. I have a general question. About 30 percent of it goes for institutional assistance and aid for college students. Do you think that is the right proportion, or to put it a different way, are we doing enough for K through 12 and those who do not go to college?

Secretary CAVAZOS. At the present time, I think we look at the budget perhaps another way. I mentioned the 15 percent dedicated to research, statistics, and the demonstrations that we need to do. Then the other part, roughly 48 percent, goes to elementary and secondary, and the rest goes to higher education.

So, it is a little over 40 percent. We feel these proportions are about right. We think that is a reasonable ratio. We have been very vigorous in our support of vocational and technical education for those students who don't proceed on to graduate- or baccalaureate-degree level. I think the ratios are pretty good.

The main area the Federal Government has been involved with in postsecondary education has been with the guaranteed student loans and Pell Grants. If I had to split it, I would split the Chapter 1 and Pell Grant.

BUSINESS-SPONSORED REMEDIAL EDUCATION PROGRAMS

Mr. SMITH of Iowa. But you know that far more students don't go to college than do go to college. Are the high schools preparing them for their job? The counseling is not very good, is it?

Secretary CAVAZOS. I think that is one of the biggest problems we face in this country. Let's assume that a person does not go on to higher education or goes into the job market or even those who receive associate or baccalaureate degrees—last year, American businesses spent $25,000,000 on remedial education, that means workers could not read and write at the appropriate level. We have been reporting on the performance of 12th graders on writing and reading skills and geography, and we are not making it there.

We are going to have to do a better job.

IMPORTANCE OF READING SKILLS

Mr. SMITH OF IOWA. No one is self-educated. We get our education from somebody else. But we used to have a lot of people who had five or six grades of school that we called self-educated that became very well educated because they could read, right?

Secretary CAVAZOS. That is correct. In fact, I really believe that if we could just focus on reading, particularly in those first few years, that we would start turning this around. It is the ability to read that makes a difference.

EARLY SKILLS ACQUISITION AND PARENTAL INVOLVEMENT

Mr. SMITH OF IOWA. Do you have any plans along that line?

Secretary CAVAZOS. Chapter 1 funds support very, very strongly those children who have academic deficiencies in order to help them learn to read and compute. We also have special programs, of course, such as bilingual education and the homeless children program to help out. One of the most important of these special programs is Even Start. We have doubled the request for Even Start, a program which not only helps a youngster starting to school but the parents too, if they are illiterate. The parents learn at the same time as their children, and, in addition, are showed how they can be supportive partners in their child's education.

That is an important point that you have brought out there. Students, if given a Head Start or Even Start kind of program, seem to move ahead and do very, very well up to about third or fourth grade, and then they start falling off again.

We have asked the question time and time again, why? Oftentimes it is the inability of the parents to intellectually support their child much beyond the fourth grade. So the child starts losing ground academically. We have to find ways to educate not only the children, but the parents at the same time. I think this budget request covers that.

PROPOSED REDUCTIONS IN EDUCATION BUDGET

Mr. NATCHER. Mr. Secretary, the next Member of the subcommittee I will yield to is Mr. Obey of Wisconsin, who is the chairman of the subcommittee that appropriates the money for foreign aid. I don't know if he will tell you this or not but he is a whole lot more interested in education than he is in foreign aid. He believes we ought to educate our children. I yield to you.

Mr. OBEY. Thank you, Mr. Chairman.

I will not disagree with a word he said. As a matter of fact we did move some money from the foreign aid bill to this bill last year.

Mr. NATCHER. We appreciated it.

Mr. OBEY. First of all, I would simply ask you to provide for the record this information. The administration is pointing to some of the new initiatives it has in its budget. As you know, you are also recommending major reductions in programs like Impact Aid for children, Star Schools, refugee education, and Perkins loans, State Student Incentive Grants, et cetera. I would simply like you to provide for the record a total cost breakdown, a total run down of the reductions that you are recommending from the CBO base line level and from last year's funding levels, with two base lines, first from the Gramm-Rudman levels or the sequestration level, and the level provided originally by this committee before sequestration took place.

Secretary CAVAZOS. We will be pleased to do that. We looked at those areas and we decided to make some decreases for a variety of different reasons.

Mr. OBEY. I will be happy to have any further comments that you want for the record but I have a limited amount of time.

Secretary CAVAZOS. We will be happy to submit a detailed table directly to the subcommittee. In general, however, there are only six accounts that show decreases from any one of these three levels. They are Impact Aid, Rehabilitation Services and Handicapped Research, Guaranteed Student Loans, Howard University, College Housing and Academic Facilities Loans, and Libraries.

[The information follows:]

DEPARTMENT OF EDUCATION 1991 BUDGET PROPOSAL TO THE LABOR-HHS-EDUCATION SUBCOMMITTEE COMPARED TO 1990 APPROPRIATION AND 1991 CBO BASELINE

(in thousands of dollars)

Office, Account, Program and Activity	1991 President's Budget	1990 Initial Appro.	1991 Pr. Bud Compared to Initial Appro.	1990 Post-Seq. Appro.	1991 Pr. Bud Compared to Post-Seq. Appro.	CBO Baseline for 1991	1991 Pr. Bud Compared to CBO Baseline for 1991
OFFICE OF ELEMENTARY AND SECONDARY EDUCATION (OESE)							
Compensatory Education for the Disadvantaged							
1. Grants for the disadvantaged (ESEA I Chapter 1):							
(a) Grants to local educational agencies (Part A):							
(1) Basic grants (section 1005)	4,463,100	4,266,751	196,349	4,212,647	250,453	4,548,000	(84,900)
(2) Concentration grants (section 1006)	495,900	385,499	110,401	380,611	115,289	411,000	84,900
Subtotal	4,959,000	4,652,250	306,750	4,593,258	365,742	4,959,000	0
(b) Capital expenses for private school children (section 1017d)	25,682	26,000	(318)	25,682	0	27,000	(1,318)
(c) Even start (Part B)	48,000	24,500	23,500	24,201	23,799	25,000	23,000
(d) State agency programs (Part D):							
(1) Migrant (Subpart 1)	293,742	285,938	7,804	282,444	11,298	294,000	(258)
(2) Handicapped (Subpart 2)	146,389	148,200	(1,811)	146,389	0	152,000	(5,611)
(3) Neglected and delinquent (Subpart 3)	34,103	33,197	906	32,791	1,312	34,000	103
Subtotal	474,234	467,335	6,899	461,624	12,610	480,000	(5,766)
(e) State administration (section 1404)	54,000	50,797	3,203	50,176	3,824	52,000	2,000
(f) State program improvement grants (section 1405)	24,000	12,699	11,301	12,544	11,456	13,000	11,000
2. Evaluation and technical assistance (sections 1437 and 1463)	15,000	12,000	3,000	11,853	3,147	12,000	3,000
3. Rural technical assistance centers (Part F subpart 3)	4,445	4,500	(55)	4,445	0	5,000	(555)
Subtotal, ESEA I Chapter 1	5,604,361	5,250,081	354,280	5,183,783	420,578	5,573,000	31,361
4. Presidential merit schools (pending legislation)	225,000	125,000	100,000	125,000	100,000	0	225,000
5. Migrant education (HEA 418-A):							
(a) High school equivalency program	7,858	7,955	(97)	7,858	0	7,858 1	0 1
(b) College assistance migrant program	1,720	1,741	(21)	1,720	0	2,000	(280)
Subtotal	9,578	9,696	(118)	9,578	0	9,858	(280)
Total	5,838,939	5,384,777	454,162	5,318,361	520,578	5,582,858	256,081

1. The CBO Baseline amount for this program was not available to the Department of Education. The President's Budget amount was used as a placeholder; therefore, the comparison with the President's Budget may not be accurate.

NOTE: This table does not include all items in the President's 1991 budget. It includes items for the Department of Education under the jurisdiction of the Subcommittee on Labor-HHS-Education Appropriations.

DEPARTMENT OF EDUCATION 1991 BUDGET PROPOSAL TO THE LABOR-HHS-EDUCATION SUBCOMMITTEE COMPARED TO 1990 APPROPRIATION AND 1991 CBO BASELINE

(in thousands of dollars)

Office, Account, Program and Activity	1991 President's Budget	1990 Initial Appro.	1991 Pr. Bud Compared to Initial Appro.	1990 Post-Seq. Appro.	1991 Pr. Bud Compared to Post-Seq. Appro.	CBO Baseline for 1991	1991 Pr. Bud Compared to CBO Baseline for 1991
Impact Aid							
1. Maintenance and operations (Pub.L. 81-874):							
(a) Payments for "a" children (section 3a)	578,500	578,500	0	578,500	0	0	0
(b) Payments for "b" children (section 3b)	25,000	123,500	(98,500)	123,500	(98,500)	0	0
(c) Payments for Federal property (section 2)	15,354	15,354	0	15,354	0	0	0
Subtotal	618,854	717,354	(98,500)	717,354	(98,500)	746,000	(127,146)
2. Disaster assistance (section 7)	15,000	0	15,000	0	15,000	0	0
3. Construction (Pub.L. 81-815):							
(a) Facilities for unhoused children (sec. 5 and 14c)	7,000	0	7,000	0	7,000	0	0
(b) Facilities for children residing on Federal property (section 10)	10,000	7,499	2,501	7,499	2,501	0	0
(c) Facilities for children residing on Indian lands (sections 14a and 14b)	10,000	7,499	2,501	7,499	2,501	0	0
Subtotal	27,000	14,998	12,002	14,998	12,002	0	0
Total	660,854	732,352	(71,498)	732,352	(71,498)	762,000	(101,146)
School Improvement Programs							
1. Educational improvement (ESEA I Chapter 2):							
(a) State and local programs (Part A):							
(1) State block grants	474,405	461,477	12,928	455,717	18,688	0	0
(2) Evaluation	1,000	1,500	(500)	1,481	(481)	0	0
Subtotal, Part A	475,405	462,977	12,428	457,198	18,207	475,000	405
(b) National programs (Part B):							
(1) National Diffusion Network (section 1562)	12,632	13,000	(368)	12,632	0	0	0
(2) Inexpensive book distribution (section 1563)	8,914	8,684	230	8,555	359	0	0
(3) Arts in education (section 1564)	3,972	3,900	72	3,812	160	0	0
(4) Law-related education (section 1565)	4,824	5,000	(176)	4,824	0	0	0
(5) Blue ribbon schools (section 1566)	873	500	373	873	0	0	0
Subtotal, Part B	31,215	31,084	131	30,696	519	32,000	(785)
Subtotal, ESEA I Chapter 2	506,620	494,061	12,559	487,894	18,726	507,000	(380)

DEPARTMENT OF EDUCATION 1991 BUDGET PROPOSAL TO THE LABOR-HHS-EDUCATION SUBCOMMITTEE COMPARED TO 1990 APPROPRIATION AND 1991 CBO BASELINE

(in thousands of dollars) Office, Account, Program and Activity	1991 President's Budget	1990 Initial Appro.	1991 Pr. Bud Compared to Initial Appro.	1990 Post-Seq. Appro.	1991 Pr. Bud Compared to Post-Seq. Appro.	CBO Baseline for 1991	1991 Pr. Bud Compared to CBO Baseline for 1991
School Improvement Programs (continued)							
2. Drug-free schools and communities (ESEA V):							
(a) State grants (Part B)	487,619	443,415	44,204	437,881	49,738	0	0
(b) School personnel training (Part C)	14,554	14,738	(184)	14,554	0	0	0
(c) National programs (Part D)	66,127	61,900	4,227	61,127	5,000	0	0
(d) Emergency grants (section 5136)	25,000	25,000	0	24,688	312	0	0
(e) National Commission on Drug-Free Schools (Pub.L. 100-690 section 5051)	0	1,000	(1,000)	988	(988)	0	0
Subtotal	593,300	546,053	47,247	539,238	54,062	560,000	33,300
3. Strengthening teaching and administration:							
(a) Eisenhower mathematics and science education (ESEA II-A):							
(1) State grants	220,800	128,440	92,360	126,837	93,963	0	0
(2) National programs	9,200	8,892	308	8,781	419	0	0
Subtotal	230,000	137,332	92,668	135,618	94,382	141,000	89,000
(b) Fund for the Improvement and Reform of Schools and teaching (Pub.L. 100-297):							
(1) Grants for schools and teachers (section 3211)	3,915	3,964	(49)	3,915	0	0	0
(2) Family-school partnerships (section 3221)	4,443	4,500	(57)	4,443	0	0	0
Subtotal	8,358	8,464	(106)	8,358	0	9,000	(642)
(c) Territorial teacher training (ESEA IV-E sect. 4502)	1,762	1,784	(22)	1,762	0	2,000	(238)
(d) Leadership in educational administration (LEAD) (HEA V-C-2)	4,215	3,894	321	3,845	370	4,000	215
(e) Christa McAuliffe fellowships (HEA V-D-2)	2,013	1,956	57	1,932	81	2,013	0
(f) Mid-career teacher training (HEA V-A)	987	1,000	(13)	987	0	987	0
(g) Alternative certification of teachers and principals (pending legislation)	25,000	0	25,000	0	25,000	0	25,000
(h) Presidential awards for excellence in education (pending legislation)	7,600	0	7,600	0	7,600	0	7,600
4. Magnet schools assistance:							
(a) Magnet schools in desegregating districts (ESEA III)	113,189	114,620	(1,431)	113,189	0	118,000	(4,811)
(b) Magnet schools of excellence (pending legislation)	100,000	50,000	50,000	50,000	50,000	0	100,000
Subtotal	213,189	164,620	48,569	163,189	50,000	118,000	95,189

DEPARTMENT OF EDUCATION 1991 BUDGET PROPOSAL TO THE LABOR-HHS-EDUCATION SUBCOMMITTEE COMPARED TO 1990 APPROPRIATION AND 1991 CBO BASELINE

(in thousands of dollars)

Office, Account, Program and Activity	1991 President's Budget	1990 Initial Appro.	1991 Pr. Bud Compared to Initial Appro.	1990 Post-Seq. Appro.	1991 Pr. Bud Compared to Post-Seq. Appro.	CBO Baseline for 1991	1991 Pr. Bud Compared to CBO Baseline for 1991
School Improvement Programs (continued)							
5. Fund for Innovation in Education (ESEA IV-F):							
(a) Educational technology (section 4603)	0	1,250	0	1,234	0	0	0
(b) Computer-based instruction (section 4604)	0	5,000	0	4,938	0	0	0
(c) Comprehensive school health education (sec. 4605)	0	4,000	0	3,950	0	0	0
(d) Innovation in education (section 4601)	0	6,928	0	6,842	0	0	0
(e) Innovative alcohol abuse education programs (section 4607)	0	2,000	0	1,975	0	0	0
Subtotal	18,939	19,178	(239)	18,939	0	20,000	(1,061)
6. Javits gifted and talented student education (ESEA IV-B)	8,888	9,000	(112)	8,888	0	9,000	(112)
7. Education for homeless children and youth (P.L. 100-77)							
(a) Grants for State activities (section 722)	5,000	4,998	2	4,935	65	5,000	0
(b) Grants for exemplary programs (section 723)	2,500	2,500	0	2,469	31	3,000	(500)
Subtotal	7,500	7,498	2	7,404	96	8,000	(500)
8. Women's educational equity (ESEA IV-A)	1,000	2,125	(1,125)	2,098	(1,098)	2,000	(1,000)
9. Training and advisory services (CRA IV)	21,451	21,722	(271)	21,451	0	22,000	(549)
10. Dropout prevention demonstrations (ESEA VI-A)	45,000	0	45,000	0	45,000	0	45,000
11. General assistance to the Virgin Islands (ESEA IV-E section 4501)	4,391	4,446	(55)	4,391	0	5,000	(609)
12. Ellender fellowships (ESEA IV-C)	1,000	3,750	(2,750)	3,703	(2,703)	4,000	(3,000)
13. Follow through (Follow Through Act)	0	7,262	(7,262)	7,171	(7,171)	8,000	(8,000)
14. Star schools (EESA IX)	0	15,000	(15,000)	14,813	(14,813)	15,000	(15,000)
15. Education for Native Hawaiians (P.L. 100-297 Title IV)	0	6,500	(6,500)	6,419	(6,419)	7,000	(7,000)
16. Secondary school basic skills demonstrations (ESEA VI-B)	0	5,000	(5,000)	4,938	(4,938)	5,000	(5,000)
17. Educational partnerships (Pub.L. 100-418 section 6041)	3,703	3,750	(47)	3,703	0	4,000	(297)
Total	1,704,916	1,464,395	240,521	1,446,741	258,175	1,453,000	251,916
TOTAL, OESE	8,204,709	7,581,524	623,185	7,497,454	707,255	7,797,858	406,851

DEPARTMENT OF EDUCATION 1991 BUDGET PROPOSAL TO THE LABOR-HHS-EDUCATION SUBCOMMITTEE COMPARED TO 1990 APPROPRIATION AND 1991 CBO BASELINE

(in thousands of dollars) Office, Account, Program and Activity	1991 President's Budget	1990 Initial Appro.	1991 Pr. Bud Compared to Initial Appro.	1990 Post-Seq. Appro.	1991 Pr. Bud Compared to Post-Seq. Appro.	CBO Baseline for 1991	1991 Pr. Bud Compared to CBO Baseline for 1991
OFFICE OF BILINGUAL EDUCATION AND MINORITY LANGUAGES AFFAIRS (OBEMLA)							
Bilingual and Immigrant Education							
1. Bilingual education (ESEA Title VII):							
(a) Bilingual programs (Part A)	132,642	115,779	16,863	115,779	16,863	0	0
(b) Support services (Part B)	10,838	10,838	0	10,838	0	0	0
(c) Training grants (Part C)	31,913	31,913	0	31,913	0	0	0
Subtotal	175,393	158,530	16,863	158,530	16,863	165,000	10,393
2. Immigrant education (ESEA IV-D)	30,144	30,144	0	30,144	0	31,000	(856)
Total	205,537	188,674	16,863	188,674	16,863	196,000	9,537
TOTAL, OBEMLA	205,537	188,674	16,863	188,674	16,863	196,000	9,537

DEPARTMENT OF EDUCATION 1991 BUDGET PROPOSAL TO THE LABOR-HHS-EDUCATION SUBCOMMITTEE COMPARED TO 1990 APPROPRIATION AND 1991 CBO BASELINE

(in thousands of dollars)

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OFFICE OF SPECIAL EDUCATION AND REHABILITATIVE SERVICES (OSERS) Education for the Handicapped							
1. State grants:							
(a) Grants to States (EHA-B-611)........................	1,615,125	1,564,017	51,108	1,542,610	72,515	1,604,000	11,125
(b) Preschool grants (EHA-B-619)........................	257,730	255,000	2,730	251,510	6,220	262,000	(4,270)
(c) Grants for infants and families (EHA-H-685).........	82,701	80,624	2,077	79,520	3,181	83,000	(299)
Subtotal......................	1,955,556	1,899,641	55,915	1,873,640	81,916	1,949,000	6,556
2. Special purpose funds:							
(a) Deaf-blind projects (EHA-C-622)....................	0	14,757	(14,757)	14,555	(14,555)	0	0
(b) Severely handicapped projects (EHA-C-624)...........	0	5,900	(5,900)	5,819	(5,819)	0	0
(c) Early childhood education (EHA-C-623)...............	0	24,096	(24,096)	23,766	(23,766)	0	0
(d) Secondary and transitional services (EHA-C-626).....	0	8,100	(8,100)	7,989	(7,989)	0	0
(e) Postsecondary programs (EHA-C-625)..................	0	6,600	(6,600)	6,510	(6,510)	0	0
(f) Innovation and development (EHA-E)..................	0	20,100	(20,100)	19,825	(19,825)	0	0
(g) Media and captioning services (EHA-F)...............	0	15,403	(15,403)	15,192	(15,192)	0	0
(h) Special education technology (EHA-G)................	0	5,500	(5,500)	5,425	(5,425)	0	0
(i) Special studies (EHA-B-618).........................	0	3,594	(3,594)	3,545	(3,545)	0	0
(j) Special education personnel development (EHA-D-631, 632 and 634)........................	0	71,985	(71,985)	71,000	(71,000)	0	0
(k) Recruitment and information clearinghouses (EHA-D-633)......................	0	1,500	(1,500)	1,479	(1,479)	0	0
(l) Regional resource centers (EHA-C-621)...............	0	6,600	(6,600)	6,510	(6,510)	0	0
Subtotal......................	0	184,135	(184,135)	181,615	(181,615)	0	0
3. Special purpose funds (proposed legislation)...........	181,865	0	181,865	0	181,865	189,000	(7,135)
Total............................	2,137,421	2,083,776	53,645	2,055,255	82,166	2,138,000	(579)

DEPARTMENT OF EDUCATION 1991 BUDGET PROPOSAL TO THE LABOR-HHS-EDUCATION SUBCOMMITTEE COMPARED TO 1990 APPROPRIATION AND 1991 CBO BASELINE

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Rehabilitation Services and Handicapped Research							
1. State grants:							
(a) Vocational rehabilitation State grants:							
(1) Grants to States (RA I-100)	1,593,287	1,546,125	47,162	1,524,677	68,610	1,596,000	(2,713)
(2) Grants for Indians (RA I-130)	3,993	3,875	118	3,821	172	4,000	(7)
Subtotal, Vocational rehabilitation State grants	1,597,280	1,550,000	47,280	1,528,498	68,782	1,600,000	(2,720)
(3) Reappropriation	0	0	0	0	0	0	0
(b) Supported employment State grants (RA VI, Part C, section 631)	28,790	27,976	814	27,630	1,160	29,000	(210)
(c) Client assistance (RA I section 112)	8,233	8,000	233	7,901	332	9,000	(767)
Subtotal, State grants	1,634,303	1,585,976	48,327	1,564,029	70,274	1,638,000	(3,697)
2. Special purpose funds:							
(a) Service and demonstration projects:							
(1) Special demonstration programs (RA III section 311(a))	17,455	32,674	(15,219)	32,269	(14,814)	0	0
(2) Supported employment projects (RA III section 311(d))	9,876	10,000	(124)	9,876	0	0	0
(3) Model transition grants (RA III section 311(e))	0	0	0	0	0	0	0
(4) Recreational programs (RA III section 316)	0	2,620	(2,620)	2,588	(2,588)	0	0
(5) Migratory workers (RA III section 312)	1,086	1,100	(14)	1,086	0	0	0
(6) Projects with industry (RA VI section 621)	18,765	19,000	(235)	18,765	0	0	0
(b) Helen Keller National Center for Deaf-Blind Youths and Adults (Pub.L. 98-221 section 201)	5,198	5,000	198	4,938	260	5,000	198
(c) Independent living (RA VII):							
(1) Comprehensive services (Part A section 701)	13,481	13,100	381	12,938	543	0	0
(2) Centers (Part B section 711)	26,666	27,000	(334)	26,666	0	0	0
(3) Services for older blind (Part C section 721)	5,827	5,900	(73)	5,827	0	0	0
(d) Training (RA III section 304)	31,110	31,500	(390)	31,110	0	0	0
(e) National Institute on Disability and Rehabilitation Research (RA II)	54,318	55,000	(682)	54,318	0	0	0
(f) Technology assistance (Pub.L. 100-407)	20,000	15,000	5,000	14,814	5,186	0	0
(g) Evaluation (RA section 14)	988	1,000	(12)	988	0	0	0
Subtotal, Special purpose funds	204,770	218,894	(14,124)	216,183	(11,413)	225,000	(20,230)
Total	1,839,073	1,804,870	34,203	1,780,212	58,861	1,863,000	(23,927)

DEPARTMENT OF EDUCATION 1991 BUDGET PROPOSAL TO THE LABOR-HHS-EDUCATION SUBCOMMITTEE COMPARED TO 1990 APPROPRIATION AND 1991 CBO BASELINE

(in thousands of dollars)

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Special Institutions for the Handicapped							
1. American Printing House for the Blind (20 U.S.C. 101 et seq.)	5,901	5,740	161	5,663	238	6,000	(99)
Subtotal, APHB	5,901	5,740	161	5,663	238	6,000	(99)
2. National Technical Institute for the Deaf (EDA):							
(a) Operations (EDA-II)	37,195	34,846	2,349	34,384	2,811	0	0
(b) Endowment grant (EDA-IV-408)	336	325	11	322	14	0	0
(c) Construction (EDA-II-202)	0	482	(482)	476	(476)	0	0
(d) Consortium (RA III section 311)	0	900	(900)	888	(888)	0	0
Subtotal, NTID	37,531	36,553	978	36,070	1,461	38,000	(469)
3. Gallaudet University (EDA):							
(a) University programs (EDA-I-A)	48,799	46,547	2,252	45,899	2,900	0	0
(b) Model Secondary School for the Deaf (EDA-I-C)	14,005	13,558	447	13,368	637	0	0
(c) Kendall Demonstration Elementary School (EDA-I-B)	7,743	7,495	248	7,390	353	0	0
(d) Endowment grant (EDA-IV-407)	1,000	1,000	0	986	14	0	0
(e) Construction (EDA-I-A)	2,500	0	2,500	0	2,500	0	0
Subtotal, Gallaudet University	74,047	68,600	5,447	67,643	6,404	70,000	4,047
4. Evaluation studies (EDA section 405)	500	0	500	0	500	0	500
Total	117,979	110,893	7,086	109,376	8,603	114,000	3,979
TOTAL, OSERS	4,094,473	3,999,539	94,934	3,944,843	149,630	4,115,000	(20,527)

DEPARTMENT OF EDUCATION 1991 BUDGET PROPOSAL TO THE LABOR-HHS-EDUCATION SUBCOMMITTEE COMPARED TO 1990 APPROPRIATION AND 1991 CBO BASELINE

(in thousands of dollars)

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OFFICE OF VOCATIONAL AND ADULT EDUCATION (OVAE)							
Vocational and Adult Education							
1. Vocational education (Carl D. Perkins VEA):							
(a) Basic grants:							
(1) Basic State grants (Title II)...................	0	849,247	(849,247)	837,628	(837,628)	0	0
(2) Indian and Hawaiian natives set-aside (sec. 103)	0	13,288	(13,288)	13,106	(13,106)	0	0
Subtotal.......................	0	862,535	(862,535)	850,734	(850,734)	0	0
(b) Community-based organizations (Title III-A)..........	0	11,000	(11,000)	10,850	(10,850)	0	0
(c) Consumer and homemaking education (Title III-B).....	0	34,650	(34,650)	34,176	(34,176)	0	0
(d) State councils (section 112)........................	0	8,052	(8,052)	7,942	(7,942)	0	0
(e) National programs:							
(1) Research (Title IV-A)...........................	0	7,083	(7,083)	6,986	(6,986)	0	0
(2) Demonstrations (Title IV-B).....................	0	11,250	(11,250)	11,096	(11,096)	0	0
(3) Data systems (Title IV-C).......................	0	5,000	(5,000)	4,932	(4,932)	0	0
Subtotal......................	0	23,333	(23,333)	23,014	(23,014)	0	0
(f) Bilingual vocational training (Title IV-E)...........	0	3,000	(3,000)	2,959	(2,959)	0	0
Subtotal, annual...............	0	942,570	(942,570)	929,675	(929,675)	0	0
(h) Vocational education (proposed legislation)..........	929,675	0	929,675	0	929,675	967,000	(37,325)
Subtotal, vocational education.	929,675	942,570	(12,895)	929,675	0	967,000	(37,325)
2. Adult education:							
(a) State programs (AEA III-B)...........................	200,000	160,000	40,000	157,811	42,189	164,000	36,000
(b) National programs (AEA III-D section 383)...........	8,000	2,000	6,000	1,973	6,027	2,000	6,000
(c) Literacy training for homeless adults (Pub.L. 100-77, Title VII-A)....................	10,000	7,500	2,500	7,397	2,603	8,000	2,000
(d) Workplace literacy partnerships (AEA III-C sec. 371)	19,726	20,000	(274)	19,726	0	21,000	(1,274)
(e) English literacy grants (AEA III-C, section 372)....	1,000	5,970	(4,970)	5,888	(4,888)	6,000	(5,000)
Subtotal......................	238,726	195,470	43,256	192,795	45,931	201,000	37,726
3. Technology education demonstrations (ETCAA section 6112)	988	1,000	(12)	988	0	988	0
Total.............................	1,169,389	1,139,040	30,349	1,123,458	45,931	1,168,988	401
TOTAL, OVAE...	1,169,389	1,139,040	30,349	1,123,458	45,931	1,168,988	401

DEPARTMENT OF EDUCATION 1991 BUDGET PROPOSAL TO THE LABOR-HHS-EDUCATION SUBCOMMITTEE COMPARED TO 1990 APPROPRIATION AND 1991 CBO BASELINE

(in thousands of dollars)

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OFFICE OF POSTSECONDARY EDUCATION (OPE)							
Student Financial Assistance							
1. Pell grants (HEA IV-A-1):							
(a) Regular program	4,906,000	4,454,000	452,000	4,387,478	518,522	4,563,000	343,000
(b) Academic year 1989-90 shortfall	265,000	131,000	134,000	131,000	134,000	136,000	129,000
(c) Fiscal year 1990 contingency reserve	0	286,000	(286,000)	286,000	(286,000)	297,000	(297,000)
(d) Academic year 1990-91 shortfall	106,000	0	106,000	0	106,000	0	106,000
Subtotal	5,277,000	4,871,000	406,000	4,804,478	472,522	4,996,000	281,000
2. Supplemental educational opportunity grants (HEA IV-A-2)	458,650	465,000	(6,350)	458,650	0	477,000	(18,350)
3. Work-study (HEA IV-C)	601,765	610,097	(8,332)	601,765	0	626,000	(24,235)
4. Income contingent loans (HEA IV-D)	15,000	10,000	5,000	9,863	5,137	10,000	5,000
5. Perkins loans (HEA IV-E):							
(a) Federal capital contributions	0	137,000	(137,000)	135,129	(135,129)	140,000	(140,000)
(b) Loan cancellations	0	22,000	(22,000)	21,700	(21,700)	23,000	(23,000)
Subtotal	0	159,000	(159,000)	156,829	(156,829)	163,000	(163,000)
6. State student incentive grants (HEA IV-A-3)	0	60,000	(60,000)	59,181	(59,181)	62,000	(62,000)
Total	6,352,415	6,175,097	177,318	6,090,766	261,649	6,334,000	18,415
Guaranteed Student Loans							
1. Guaranteed student loans (HEA IV-B):							
Contract authority	3,107,957	3,692,744	(584,787)	3,856,344	(748,387)	3,928,000	(820,043)
(Appropriation--non-add)	(3,368,336)	(3,826,314)		(3,826,314)		(4,188,000)	
Total, contract authority	3,107,957	3,692,744	(584,787)	3,856,344	(748,387)	3,928,000	(820,043)
(Total, appropriation--non-add)	(3,368,336)	(3,826,314)		(3,826,314)		(4,188,000)	

DEPARTMENT OF EDUCATION 1991 BUDGET PROPOSAL TO THE LABOR-HHS-EDUCATION SUBCOMMITTEE COMPARED TO 1990 APPROPRIATION AND 1991 CBO BASELINE

(in thousands of dollars)

Office, Account, Program and Activity	1991 President's Budget	1990 Initial Appro.	1991 Pr. Bud Compared to Initial Appro.	1990 Post-Seq. Appro.	1991 Pr. Bud Compared to Post-Seq. Appro.	CBO Baseline for 1991	1991 Pr. Bud Compared to CBO Baseline for 1991
Higher Education							
1. Aid for institutional development (HEA III):							
(a) Strengthening institutions (Part A)	86,631	84,000	2,631	82,911	3,720	0	0
(b) Strengthening HBCUs (Part B section 323)	83,898	85,000	(1,102)	83,898	0	0	0
(c) Strengthening historically black graduate institutions (Part B section 326)	11,468	11,619	(151)	11,468	0	0	0
(d) Endowment grants (Part C section 332)	17,893	18,128	(235)	12,893	5,000	0	0
(e) HBCU endowment grants (pending legislation)	15,000	0	15,000	5,000	10,000	0	0
Subtotal	214,890	198,747	16,143	196,170	18,720	207,000	7,890
2. Program development:							
(a) Fund for the Improvement of Postsecondary Education (HEA X-A)	11,702	11,856	(154)	11,702	0	12,000	(298)
(b) Minority science improvement (HEA X-B-1)	5,633	5,487	146	5,416	217	6,000	(367)
(c) Innovative projects for community services (HEA X-C)	0	1,500	(1,500)	1,481	(1,481)	2,000	(2,000)
(d) International education and foreign language studies:							
(1) Domestic programs (HEA VI)	34,658	35,114	(456)	34,658	0	36,000	(1,342)
(2) Overseas programs (Fulbright-Hays Act section 102(b)(6))	5,136	5,203	(67)	5,136	0	5,000	136
Subtotal	39,794	40,317	(523)	39,794	0	41,000	(1,206)
(e) Cooperative education (HEA VIII)	0	13,622	(13,622)	13,445	(13,445)	14,000	(14,000)
(f) Law school clinical experience (HEA IX-F)	0	5,000	(5,000)	4,935	(4,935)	5,000	(5,000)
(g) Student literacy corps (HEA I-D)	5,042	5,108	(66)	5,042	0	5,042	0
3. Interest subsidy grants (HEA VII-D)	20,900	22,744	(1,844)	22,449	(1,549)	23,000	(2,100)
4. Special grants:							
(a) Assistance to Guam (HEA XII section 1204c)	0	500	(500)	494	(494)	0	0
(b) Margaret Chase Smith Library Center in Skowhegan, Maine (Pub.L. 100-202 section 140(b))	0	2,500	(2,500)	2,468	(2,468)	0	0

DEPARTMENT OF EDUCATION 1991 BUDGET PROPOSAL TO THE LABOR-HHS-EDUCATION SUBCOMMITTEE COMPARED TO 1990 APPROPRIATION AND 1991 CBO BASELINE

(in thousands of dollars)

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Higher Education (continued)							
5. Aid for students:							
(a) Special programs for disadvantaged (HEA IV-A-4).....	269,739	245,000	24,739	241,822	27,917	251,000	18,739
(b) Support services:							
(1) Veterans' education outreach (HEA IV-A-420A)....	0	2,838	(2,838)	2,801	(2,801)	3,000	(3,000)
(2) Legal training for the disadvantaged (HEA IX-E).	2,468	2,500	(32)	2,468	0	3,000	(532)
(3) School, college and university partnerships (HEA V-B)................................	2,961	3,000	(39)	2,961	0	2,961	0
(c) Scholarships and fellowships:							
(1) Byrd honors scholarships (HEA IV-A-6)..........	8,627	8,740	(113)	8,627	0	9,000	(373)
(2) National science scholars (pending legislation).	5,000	0	5,000	0	5,000	0	5,000
(3) Douglas teacher scholarships (HEA V-D-1)........	14,922	15,118	(196)	14,922	0	15,000	(78)
(4) Harris graduate fellowships (HEA IX-B)..........	17,780	16,245	1,535	16,034	1,746	17,000	780
(5) Harris public service fellowships (HEA IX-B)....	1,189	3,320	(2,131)	3,277	(2,088)	3,000	(1,811)
(6) Javits fellowships (HEA IX-C)..................	5,424	8,000	(2,576)	7,896	(2,472)	8,000	(2,576)
(7) Minority participation in graduate education (HEA IX-A).................................	6,094	3,594	2,500	3,547	2,547	4,000	2,094
(8) Graduate assistance in areas of national need (HEA IX-D).................................	25,483	16,000	9,483	15,793	9,690	16,000	9,483
Total............................	657,648	631,736	25,912	623,544	34,104	647,003	10,645

DEPARTMENT OF EDUCATION 1991 BUDGET PROPOSAL TO THE LABOR-HHS-EDUCATION SUBCOMMITTEE COMPARED TO 1990 APPROPRIATION AND 1991 CBO BASELINE

(in thousands of dollars)

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Howard University							
1. Howard University:							
(a) Academic program (20 U.S.C. 123)	155,306	155,306	0	155,306	0	0	0
(b) Endowment grant (Pub.L. 98-480)	4,500	1,500	3,000	1,500	3,000	0	0
(c) Research (20 U.S.C. 123)	4,730	4,730	0	4,730	0	0	0
(d) Howard University Hospital (20 U.S.C. 128)	20,910	20,910	0	20,910	0	0	0
Total	185,446	182,446	3,000	182,446	3,000	190,000	(4,554)
College Housing and Academic Facilities Loans							
1. Borrowing authority (HEA VII-F)	5,000	30,000	(25,000)	30,000	(25,000)	31,000	(26,000)
2. Interest subsidy payments (HEA VII-F)	8,449	5,129	3,320	5,129	3,320	8,000	449
Total	13,449	35,129	(21,680)	35,129	(21,680)	39,000	(25,551)
TOTAL, OPE, Budget Authority	10,316,915	10,717,152	(400,237)	10,788,229	(471,314)	11,138,003	(821,088)
(Total, OPE, appropriation--non-add)	(10,577,294)	(10,850,722)		(10,758,199)		(11,398,003)	

DEPARTMENT OF EDUCATION 1991 BUDGET PROPOSAL TO THE LABOR-HHS-EDUCATION SUBCOMMITTEE COMPARED TO 1990 APPROPRIATION AND 1991 CBO BASELINE

(in thousands of dollars)

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OFFICE OF EDUCATIONAL RESEARCH AND IMPROVEMENT (OERI)							
Research, Statistics, and Improvement of Practice							
1. Research (GEPA 405)	61,322	56,055	5,267	55,502	5,820	0	0
2. Statistics (GEPA 406)	41,538	25,320	16,218	22,655	18,883	0	0
3. Assessment (GEPA 406)	18,866	15,000	3,866	17,084	1,782	0	0
4. Evaluation of reform (GEPA 405)	3,000	0	3,000	0	3,000	0	0
5. Dropout prevention (GEPA 405)	5,000	0	5,000	0	5,000	0	0
6. Principal training (GEPA 405)	25,000	0	25,000	0	25,000	0	0
7. Education summit follow-up (GEPA 405 and 406)	20,000	0	20,000	0	20,000	0	0
Total	174,726	96,375	78,351	95,241	79,485	99,000	75,726
Libraries							
1. Public library services (LSCA I):							
(a) State grants	0	80,855	(80,855)	80,855	(80,855)	0	0
(b) Indian and native Hawaiian set-aside	0	1,650	(1,650)	1,650	(1,650)	0	0
Subtotal	0	82,505	(82,505)	82,505	(82,505)	0	0
2. Public library construction (LSCA II):							
(a) State grants	0	18,522	(18,522)	18,522	(18,522)	0	0
(b) Indian and native Hawaiian set-aside	0	378	(378)	378	(378)	0	0
Subtotal	0	18,900	(18,900)	18,900	(18,900)	0	0
3. Interlibrary cooperation (LSCA III):							
(a) State grants	19,965	19,160	805	19,160	805	0	19,965
(b) Indian and native Hawaiian set-aside	407	391	16	391	16	0	407
Subtotal	20,372	19,551	821	19,551	821	0	20,372
4. Library literacy programs (LSCA VI)	8,365	5,365	3,000	5,365	3,000	5,675	2,690
5. Training and demonstrations (HEA II-B)	855	855	0	855	0	855	0
6. Research libraries (HEA II-C)	5,738	5,738	0	5,738	0	5,738	0
7. College library technology (HEA II-D)	3,732	3,732	0	3,732	0	3,732	0
Total	39,062	136,646	(97,584)	136,646	(97,584)	16,000	23,062
TOTAL, OERI	213,788	233,021	(19,233)	231,887	(18,099)	115,000	98,788

DEPARTMENT OF EDUCATION 1991 BUDGET PROPOSAL TO THE LABOR-HHS-EDUCATION SUBCOMMITTEE COMPARED TO 1990 APPROPRIATION AND 1991 CBO BASELINE

(in thousands of dollars) Office, Account, Program and Activity	1991 President's Budget	1990 Initial Appro.	1991 Pr. Bud Compared to Initial Appro.	1990 Post-Seq. Appro.	1991 Pr. Bud Compared to Post-Seq. Appro.	CBO Baseline for 1991	1991 Pr. Bud Compared to CBO Baseline for 1991
DEPARTMENTAL MANAGEMENT Program Administration (Pub.L. 96-88, section 202)							
1. Postsecondary education	124,578	98,294	26,284	95,703	28,875	124,578 [1]	0 [1]
2. Other education programs	77,105	69,087	8,018	69,087	8,018	77,105 [1]	0 [1]
3. Executive direction	129,317	109,565	19,752	108,513	20,804	129,317 [1]	0 [1]
Total	331,000	276,946	54,054	273,303	57,697	331,000 [1]	0 [1]
Office for Civil Rights							
1. Civil rights (Pub.L. 96-88, section 203)	49,900	45,178	4,722	44,572	5,328	49,900 [1]	0 [1]
Office of the Inspector General							
1. Inspector General (Pub.L. 96-88, section 212)	25,800	23,381	2,419	23,110	2,690	25,800 [1]	0 [1]
TOTAL, DEPARTMENTAL MANAGEMENT	406,700	345,505	61,195	340,985	65,715	406,700 [1]	0 [1]
TOTAL, DEPARTMENT OF EDUCATION, BUDGET AUTHORITY	24,611,511	24,204,455	407,056	24,115,530	495,981	24,937,549	(326,038)
(Total, Department of Education, appropriation--non-add)	(24,871,890)	(24,338,025)		(24,085,500)		(25,197,549)	

[1] The CBO Baseline amount for this program was not available to the Department of Education. The President's Budget amount was used as a placeholder; therefore, the comparison with the President's Budget may not be accurate.

REGIONAL LABORATORIES AND RURAL INITIATIVE FUNDING

Mr. **Obey**. Secondly, regarding regional labs, your budget justification indicates the budget is increasing for regional laboratories. How much total new budget authority do you have in the budget including base funding and the rural education initiative?

Secretary **Cavazos**. It is about $25,000,000.

Mr. **Obey**. Where do you get $25,000,000?

Mr. **Kolb**. There is $5,000,000 that is carried forward. That is the total.

Mr. **Obey**. New BA is what I am asking?

Mr. **Kolb**. $20,000,000 is new.

Mr. **Obey**. So it is $20,000,000 new BA?

Mr. **Kolb**. But with $20,000,000 available in 1991.

Mr. **Obey**. How much new BA were you provided last year?

Secretary **Cavazos**. About $17,800,000.

Mr. **Obey**. Isn't it $3,500,000 less this year than you were provided last year?

Ms. **Christensen**. No, Mr. Obey, last year our appropriation after the sequester for the labs was $17,543,000. Our request this year is $20,000,000.

Mr. **Obey**. What base are you using for the fiscal year 1990 appropriation?

Ms. **Christensen**. I am sorry. We are using the $17,543,000 as the base. The total appropriation last year was $23,700,000. But that was a doubling up of the appropriation for the rural initiative because we already had funded the rural activity to be carried out in fiscal year 1990 with the 1989 appropriation.

So $5,000,000 is a carry over.

Mr. **Obey**. You are suggesting that you provided an increase. When did the labs get their fiscal 1989 funding for the rural initiative? How far into the fiscal year before they got money?

Ms. **Christensen**. September of this past year.

Mr. **Obey**. Didn't they get that money in the 11th month and third week of the last fiscal year?

Ms. **Christensen**. Yes.

Mr. **Obey**. I think you are using carry over funds in order to imply that more money is going to be there this coming year than in fact is going to be available. I think for the last several years you have been dragging your feet. It helps confuse the situation by implying that you are giving $3,500,000 more than you are giving.

Especially since you are talking about adding a new lab in the Pacific area this year which will squeeze other labs but you will have less money available.

Mr. **Kolb**. This has not been done intentionally to create this type of appearance. We would like to present a statement in the record showing how this was done.

Ms. **Christensen**. The major problem was that there was a doubling of the appropriation provided for the rural initiative. We will explain that in the record.

[The information follows:]

REGIONAL LABORATORIES RURAL FUNDING

The rural education funds appropriated for the laboratories during the last four years have been obligated as separate "add ons" to the basic laboratory contracts. Generally, the laboratories have been funded from one fiscal year's appropriation for rural education work in the following fiscal year, as indicated below.

1987: $3.9 million was appropriated. This was the first year of funding, and the funds were unanticipated. Time was required to issue a work statement and receive proposals from the laboratories. In May 1987, OERI awarded a core of monies ($2.99 million) in equal amounts to the nine laboratories through directed change orders. The remainder was awarded for special projects through a competitive process completed in September 1987. Because the report language accompanying the appropriation indicated the rural initiative was to support a two-year effort, the awards spanned two years (through May 1989).

1988: The rural education earmark for the laboratories was $3.8 million. OERI prepared a scope of work in keeping with the new report language and awarded the monies non-competitively in equal increments to each lab. Awards were issued September 1, 1988 (approximately $425,000 per lab), with performance ending September 30, 1989. Even though awards were not made until September, there was no lapse in service, because the prior year's funds were supporting activity through May 1989.

1989: The rural education earmark for laboratories was $5.2 million. OERI awarded $3.8 million non-competitively, so that each laboratory received core funding ($425,000) equal to the previous year. The remaining $1.3 million was awarded competitively on the basis of external reviewers' judgements of the extent to which the proposals spelled out innovative and promising practices, an emphasis in the report language. Both awards were issued September 30, 1989, for a 12 month period of activity.

1990: The rural education earmark was $5.9 million. The current laboratory base contracts end November 30, 1990, and it is not legally possible to award monies to these contracts for work beyond that date. Therefore, a portion (about one-sixth, or $109,500 per laboratory) will be awarded to incumbent laboratories to continue the rural work begun in 1989 for two months beyond September 20, 1990, until their contracts expire on November 30, 1990. This assures continuous laboratory services in rural education until the new five-year contracts are in place.

The remaining funds (approximately $4.9 million) will be awarded as a portion of the new laboratory contracts to begin December 1, 1990.

1991-1995: In recognition of the importance of the problems facing rural education, OERI has included an emphasis on improving rural education in the RFP for the new laboratory contracts. The five-year awards for labs will total over $24 million per year, with 25 percent designated for rural education. OERI will support this level of work each year of the contracts. Rural education will be a continuing and integral part of the laboratories' work.

Mr. OBEY. But I don't want to be walked into a situation where, because of the situation where the administration has not provided money until the 11th hour and 59th minute, you can say you don't need more money for rural initiatives because we have money carried over when in fact you people have been slow on the trigger to begin with.

Mr. KOLB. That is not our intent.

NATIONAL ASSESSMENT EXPENDITURES

Mr. OBEY. How much money have we spent so far on the national assessment program.

Mr. KOLB. In the last year, a little over $17,000,000.

Mr. OBEY. How much total?

Mr. KOLB. Since it began, we will have to get the total. It is about 20 years old. We will get it for the record.

[The information follows:]

TOTAL NAEP FUNDING

Including the fiscal year 1990 appropriation of $17.1 million, we have provided $113.8 million in funding for the National Assessment of Educational Progress since fiscal year 1970, the first year of the Assessment.

NATIONAL ASSESSMENT VALIDATION STUDY FUNDING

Mr. OBEY. You are asking for validation money this year?

Mr. KOLB. Validation money for what, sir?

Mr. OBEY. To validate the assessments that you are doing.

Ms. CHRISTENSEN. Yes, that is part of our request.

Mr. OBEY. Shouldn't validation money have preceded rather than trailed the program?

Secretary CAVAZOS. No, I don't think it should precede it. I think it is being done the way requested here because of the law. We have one set of data and let's validate what we have. I don't see how you can turn that around the other way. I think that is more effective.

Of course, in total, we have requested an increase of $1,782,000 this year.

Mr. OBEY. As you know, there is some controversy on whether or not that assessment program is actually accurately assessing the kinds of things we are concerned with. I would urge you to consider devoting a greater share of your resources to validating it before you move ahead to spend money on something that we are not sure is measuring the right thing.

Secretary CAVAZOS. I appreciate your comment, sir.

One of the questions we have all had is to that point. That is why we have asked for an increase in statistics and national assessment dollars, because in the past we have not been doing that as a Nation. We just have these qualitative, not quantitative, kinds of indicators as to the progress we are making. That is where we are trying to go.

EPI STUDY: INTERNATIONAL COMPARISON OF EDUCATION FUNDING

Mr. OBEY. I understand. You indicated earlier that you did not think very much of the debate that had been generated by the study done by the Economic Policy Institute about American spending levels on education.

I would simply suggest that before we talk about where we are going, it is nice to know where we are. I would disagree with you. I think that the Economic Policy Institute is in fact focusing attention on an issue which is very important.

I want to see if I can understand your position on this issue. You are suggesting, as you indicated at the education summit that "funding is truly not an issue." You have indicated here today that you think the outputs rather than the inputs are the issue.

BASIS FOR CALCULATING INTERNATIONAL EXPENDITURE COMPARISON

My understanding is that the Economic Policy Institute and you differ in one respect. They say that we are providing a spending level for elementary and secondary education at a lower level than all but two of the 16 countries examined.

The administration position is that if you look at that on a per student basis rather than a percentage of gross national product, that then we come out higher, is that right?

Secretary CAVAZOS. Yes, sir.

Mr. OBEY. Well, let me simply make that point with you: the Economic Policy Institute points out first of all that the administration's numbers usually include higher education. They do that because we have about a two to three times larger percentage of our population in higher education and that warrants the figures.

They said you need to disaggregate to look at only elementary and secondary. They then suggest that the way the administration uses the numbers is that when you use it as a per capita of student instruction, you run into the problem of exchange rates.

Since 1975 was the base year of that study and the dollar was over-valued at about 40 percent, they are suggesting that that artificially inflates the dollars the United States is spending per student. They also suggest that in the manner in which you measure it, you are ignoring what can be purchased in different economies for the same amount of dollars because of pricing anomalies.

They also suggest that even if you do it your way, that is, measure on a per pupil basis, and then adjust for differences in exchange rates and adjust for price anomalies the way the OECD does, they suggest you would still arrive at a per student percentage of per capita income measure which still leaves the United States 14th out of 16 countries examined. How would you differ with that?

Secretary CAVAZOS. I differ quite a bit, if I may, Mr. Obey. First of all, they are using gross national product. We have been using of course a much more accurate——

BASIS FOR CALCULATING INTERNATIONAL EXPENDITURE COMPARISON

Mr. OBEY. We just described it. I am asking how do you differ with the OECD numbers. I am saying let's do it your way and measure on a per capita student basis but adjust it for exchange rates and anomalies in price differentials.

Secretary CAVAZOS. We still come out the same way.

Mr. OBEY. No, you don't. You say measuring it your way we come out second out of the 16, second only to Switzerland, but if you measure it the way OECD measures, adjusting for those two factors, we still wind up 14 out of 16.

Secretary CAVAZOS. I am not sure what you included in terms of the OECD figures. If we just look at elementary and secondary, then there's the question what are we going to do with the "other" expenditures. They have a lot of data relative to early childhood education, child care in other countries that is not related to our numbers in the U.S.

Mr. OBEY. No, we are talking K through 12.

Mr. KOLB. We would be delighted to look at the OECD numbers. This is a fairly complicated area and I guess you can line up economists on both sides of the issue. I don't believe the Department has disputed the numbers of the OECD. We have just said they are not relevant.

Mr. OBEY. All right. So I am throwing out their numbers, but you would grant that you have to take into account fluctuations and exchange rates in determining that; that is what the OECD does.

Mr. KOLB. When we work through the same numbers they used—UNESCO and our own data from the National Center for Education Statistics—we show that the United States comes in second. We would be delighted to look at the OECD calculations. We used their methodology to arrive at the exchange rate adjustment. The issue is not resources. It is results. We stand by our figures.

Mr. OBEY. I would simply suggest, while the Secretary dismissed the debate in his statement this morning, my point is that we should arrive at an estimate that is accurate. If you estimate our education dollars on the basis of OECD calculations we are still about $25,000,000,000 short of meeting the worldwide average on a per pupil average.

That is a considerable difference.

Mr. KOLB. To give you two other examples that complicate this matter, EPI looked at K through 12, and their definition of K is different.

Then there is private spending. Another area that complicates this——

Mr. OBEY. But there is almost no private spending in other countries that you are talking about. OECD, when they do the figures, does include private spending in the United States and in other countries where there is a significant amount.

Mr. KOLB. There is not a one-to-one correlation in what we call K through 12 and what some countries in Europe and OECD would call it.

There are differences in the length of time people stay in elementary and secondary school in this country as opposed to western Europe.

We have received an analysis on this from an economist at Stanford. He has pointed out some of the other methodological flaws in the EPI report.

Mr. OBEY. I recognize there may be some, which is why I am not using their numbers. I am simply suggesting that while they may have methodological flaws you certainly do, too, because you are using certain assumptions based on inclusion of the exchange rates anomalies which I don't think you can do to arrive at a sensible understanding of where we are.

Mr. KOLB. We hope you will support our request for statistics monies so we can improve these comparisons.

Mr. OBEY. Thank you.

Mr. NATCHER. I will yield to Mr. Stokes of Ohio. It would do your heart good if you could be present when we mark up this bill.

PREPARING MINORITY LANGUAGE GROUPS FOR WORKFORCE 2000

Mr. STOKES. Mr. Secretary, at a recent press conference you were quoted as saying frankly, there has been very little educational progress made in the United States. You sharply criticized the reforms of the 1980's. You said, "Today's reading and writing skills remain virtually unchanged and dreadfully inadequate. Recently the executive director of the Education Testing Service told us that 86 percent of the 11th graders could not write an adequate explanation of the differences between food today and the food eaten during the expansion of America's western frontier and 72 percent could not write a persuasive letter urging a Senator to support funding for the space program."

Your statement and reports such as "Workforce 2000," tell us this: In 10 years, by the year 2000, one-third of the new entrants into the work place will be minorities; by the year 2020, 39 percent of the work force will be minorities.

We are told that today in 25 of the largest cities of the United States the school age population is almost a majority of minorities. One of the reports that we have says that in a city in Texas, I think it is Houston, the children speak 70 different languages. In the year 2000, 10 years from now, people in America will be functioning probably in the highest scientific technological society known to mankind. Considering our current situation regarding education, are we seriously preparing for this emergence into the year 2000, particularly considering that we have a shrinking white population and an increasing minority population in the United States?

Are we seriously preparing them for the year 2000?

NEED FOR RESTRUCTURING OF EDUCATION

Secretary CAVAZOS. I appreciate your comments. As a nation we are not preparing. We have gone at it by adding resources. From 1980 to last year, adjusting for inflation, we have had almost a 26 percent increase for elementary and secondary education. Yet as you pointed out in that decade we saw no change; $40,000,000,000 across that period of time. That is not a very persuasive argument when you look at those numbers. The reason I say we are not really preparing ourselves is that because as a nation we have been willing—I hate to say this about my country that I love so deeply—but we have been willing to let almost one-third of our population not be educated.

For the economically disadvantaged people, handicapped, minorities, both in the urban and the rural setting as well, we have failed. So therefore this Department has taken, this administration—and we can work together to bring it about although it probably won't happen in my lifetime—needs to take steps to change the way we are educating people in America today.

You are so accurate when you start predicting what is going to happen to our work force. People have said to me time and time again that we need to prepare our people so that we can enter the 21st century in order to compete against the industrialized nations of the world. I agree with that.

But I also add, Mr. Stokes, that we need to educate everyone in this country to their fullest potential, or the development or of human-kind's potential will not happen; it will go downhill.

This means a total commitment on everyone's part, not just our Department or Congress, but it is teachers, parents, the business community, everybody has to get behind this thing. Basically that is what we have been trying to do. People have not liked the message very frankly. They have not liked what I have said to them.

I have said it over and over again. I am going to keep saying it until they start showing me data and we start turning the numbers up. Until we start competing again, I am not going to back off. That is why we suggested a variety of restructuring reforms.

Mr. STOKES. I want to commend you both for your candor and for the leadership that you are giving in this area, not telling the people what they would like to hear but what they need to hear. All of us love this country but I think we will love it more when they see every individual in this country given an opportunity to flourish and grow in accordance with their native abilities under our Constitution.

DROPOUT PREVENTION PROGRAMS

At last year's appropriations hearings I expressed my concern to you about the proposed elimination of the dropout prevention program. At that time you stated that the Department had sufficient funding for dropout prevention within other programs. Then the authorization expired and funds were not appropriated for 1990.

Now I see that for fiscal year 1991 you are requesting $45,000,000 for "a new carefully designed and structured program of dropout prevention demonstrations and $5,000,000 to support research in this area."

First, how would this program be different from the old program that you recommended eliminating and, secondly, you also told me you were evaluating these dropout prevention programs. Can you tell us what you learned?

Secretary CAVAZOS. In 1988 and 1989, under the previous authorization for dropout prevention demonstrations, we funded a number of local programs to learn what was going on there and what kinds of progress they were achieving in finding ways to keep children from dropping out of school or to get them back into the system. These were rural and urban demonstrations of practices currently being used.

Now we would like to test these ideas that came from that first program, to determine if they were effective and to see if we can find some rigorous ways to address this issue. We really feel that we could start some programs here that would help us turn this issue around.

Again looking at the data, Anglos and Blacks are showing a little progress. We are decreasing the dropout rate. Hispanics continue to just go off the charts. We don't even have good data on Native Americans.

So we have now several new initiatives. The President asked us to report on the deficiencies in Hispanic education and some of the barriers that they have. We will have hearings throughout the country in that area. Secondly, within the next few days I will be announcing a study that I have called "Indian Nations at Risk," because here again dropouts constitute a large part of that population. Basically, if we take these kinds of dollars, this kind of request, we can build on what we have learned, we can identify good models, and then move them out and say that this is the way to turn this thing around.

I would like to say that during the last 18 months or so our Department has focused very much on the dropout issue. We have put a strong emphasis on that and these folks understand what I want done.

Mr. STOKES. Thank you very much, Mr. Secretary. Thank you, Mr. Chairman.

PRESIDENTIAL MERIT SCHOOLS AND MAGNET SCHOOLS

Mr. NATCHER. Mr. Secretary, what is the current status of legislation to enact the President's new initiative including Merit Schools, Magnet Schools of Excellence? What position is the legislation in now that would authorize these additional programs?

Secretary CAVAZOS. Mr. Chairman, the Senate has passed the President's Educational Excellence Act and it includes authorization for Presidential Merit Schools, Magnet Schools of Excellence, National Science Scholars, and other programs.

The Senate passed that February 1. The House held subcommittee hearings on August 2 of last year. It is my understanding that at the present time they are considering the President's Educational Excellence Act.

It is my hope that they will come out soon and they will be able to reconcile if there are any differences and we can move this out as quickly as possible. I would also, Mr. Chairman, like to personally thank you for the contingent appropriation that you put into that for Presidential Merit Schools and Magnet Schools of Excellence.

We deeply appreciate that.

Mr. NATCHER. Mr. Secretary, assuming now that the legislation is not authorized and not approved, what suggestions do you have to make to us concerning these programs at the time we mark up the bill? What should we do?

Secretary CAVAZOS. These are very, very important programs. Basically as far as I am concerned, people have said to me, how is the President going to become the education President? He is the education President as far as I am concerned.

People say how does he want to do it, more funding or what? What he is doing is providing leadership. All these programs are benchmarks we can think about and areas we can move in. I think all of these are important. I want to urge that we bring this about. I am very hopeful that we can move it ahead.

LEGISLATIVE STATUS OF UNAUTHORIZED PROGRAMS

Mr. NATCHER. When you get the transcript back, Mr. Secretary, please have one of your people insert at that point a table showing the unauthorized programs and the status of the bills before the Congress at this time. We would appreciate it.

[The information follows:]

Status of Legislative Action on Programs Lacking Authorization in FY 1991--As of March 12, 1990 (dollars in thousands)

Program	FY 1991 Amount	Status
Educational Excellence Act:		Passed the Senate (S.695) on February 7, 1990; Expected to be marked up in House Subcommittee by late March/early April.
Presidential merit schools	$225,000 1/	
Magnet schools of excellence	100,000 1/	
Alternative certification of teachers and principals	25,000	
Presidential awards for excellence in education	7,600	
HBCU endowment grants	15,000 1/	
National science scholars	5,000	
Vocational education	929,675	Passed the House on May 9, 1989. Reported by Senate Committee (S. 1109) on Nov. 1, 1989. Expected to be taken up by full Senate by late March/early April.
Handicapped--Special purpose funds	181,865	Passed the Senate (S.1824) on Nov. 16, 1989. H.R. 1013 is awaiting House Subcommittee action.
Dropout prevention demonstrations	45,000	Signed by the President on March 6, 1990.
Interlibrary cooperation	20,372	Bill enacted by Congress (H.R. 2742); awaiting President's signature.
Library literacy	8,365	
Pell grants	-218,000	Administration bill proposing amendments expected to be transmitted to Congress shortly.
Guaranteed student loans	-49,470	
	1,295,407	

1/ President's budget assumes enactment of legislation authorizing FY 1990 funding.

AVERAGE INCREASE IN UNDERGRADUATE TUITION

Mr. NATCHER. What was the average increase in college and university tuition this year, and what do you expect as far as next fall is concerned? Can you give us some idea about that?

Secretary CAVAZOS. I don't think I have it at this time. We can provide it for you.

Mr. NATCHER. All right, you may place that in the record.

[The information follows:]

INCREASE IN AVERAGE UNDERGRADUATE TUITION AND FEE COSTS

	Academic year—		Percentage increase
	1989–90	1990–91	
Public:			
2-Year	$753	$842	12
4-Year	1,680	1,865	11
Private:			
2-Year	4,477	4,772	7
4-Year	8,543	9,481	11
Proprietary	3,822	4,073	7
Overall average	2,900	3,198	10

Sources: "Digest of Education Statistics." Percentage increases reported by the College Board in "The Chronicle of Higher Education," August 1989. "1987 National Postsecondary Student Aid Survey."

PELL GRANT COST ESTIMATES AND SUPPLEMENTALS

Mr. NATCHER. The President's 1990 budget proposes to continue for a third year a virtual freeze, as you know, on total federally sponsored student aid. Now in this bill we have a reduction as you well know of $696,000,000 in interest, as far as guaranteed student loans are concerned.

You also recall that last year we had to have a supplemental of almost $900,000,000 placed back in the budget. How sure are you with regard to the $696,000,000 figure now? How do you feel about it, Mr. Secretary?

Secretary CAVAZOS. I think if you go back and look at the last four or five years, I think we have been fairly close on those estimates. I don't think it has averaged more than 2 percent from what those interest rates actually turned out to be.

I think it is fairly close for 1991, but this estimate also assumes an additional reduction of $227,000,000 in 1990 due to interest rates. We will work with you. If we get in trouble with our estimate we will have to come back, obviously, but we expect this is fairly close.

Mr. NATCHER. Last year I believe the exact figure was $892,000,000 for the supplemental, not very close Mr. Secretary.

Mr. KOLB. One of those variations, sir, was attributable to a high influx of independent students eligible for Pell Grants. There are some things like that that can come in and throw off the best estimates. People in GAO who have looked at our track record in this area have been fairly complimentary.

We have done the best we can and, historically, we come up with pretty good estimates.

TRADE AND PROPRIETARY SCHOOLS

Mr. NATCHER. To what degree is your reluctance in increasing student aid related to problems with trade and proprietary schools?

Secretary CAVAZOS. I would like to address that. I am not reluctant to continue to increase student aid, particularly in the area of Pell grants. I have been a very strong advocate of the guaranteed student loans. But, I am deeply concerned about the default rate and we have proposed strong measures to try to turn that around.

The proprietary schools have a higher default rate, 33 percent, roughly, whereas for the rest of higher education it is around 17 percent.

That is the national total comparison. The problem is that I don't want to say that all proprietary schools fail to deliver a good education because some do. There are some fine schools out there. But there are some that are giving us a difficult time. We have tried vigorously to close those down in terms of student loans. We are going to continue to do that.

I don't think that the way to solve the problem is to say simply we are not going to fund or support these institutions. I think it is important to continue to support proprietary schools. We have no reluctance to fund this area, but it is our job to clean it up.

It is also the profession's job to clean it up. They have leadership working in that direction. They have been working with us to try to eliminate those kinds of abuses.

HIGHER EDUCATION ACT REAUTHORIZATION

Mr. NATCHER. Will the Department be recommending significant changes in the Higher Education Act during the 1991 reauthorization cycle?

Secretary CAVAZOS. What we have done here, Mr. Chairman, is last year we started thinking about what the future looked like. As I meet with the people at One Dupont Circle—where the national associations and people in higher education have their offices, I made it clear to them that the Department of Education would take the leadership role on the higher education reauthorization bill.

Obviously, I spent 35 years out there in higher education and it is hard to step away from that. We have already had seven hearings throughout the Nation, the last in Washington, D.C. which I chaired right before Thanksgiving.

We gathered data and heard testimony both from proprietary and other institutions about what we ought to be doing. We have evaluated that testimony and have a task force looking at that. We are working with people at Dupont Circle to bring that bill out.

It is my hope that by this spring or perhaps early summer we will have first drafts and have it ready to go to OMB. The point I am making is that basically I don't have major changes at this time to propose, Mr. Chairman.

I would rather wait until we come up with that budget. But I am watching it very closely. That is one of my own personal concerns that I have kept the Department working on very hard.

PELL GRANTS

Mr. NATCHER. As you well know, Mr. Secretary, the amount for the Pell grant maximum award is $2,300 both in fiscal years 1990 and 1991.

Secretary CAVAZOS. Yes, sir.

Mr. NATCHER. What would the cost be for each $100 increase in the Pell grant maximum award? Do you have some idea—about each $100 increase?

Secretary CAVAZOS. It would be about $230,000,000 to increase that award level by $100. Excuse me, I understand it is $250,000,000 to increase it.

LESS-THAN-HALF-TIME STUDENTS

One more thing I would like to have in the record is our strong support of Pell grants and I would also remind people that we have advocated and pushed for support for less-than-half-time students in terms of Pell grants.

That is an important part as far as I am concerned. Let me explain why. So many of our students don't carry a full course load or even half a load because they have to work. These are often students who need Pell grant funds. I hope as we move ahead, we will keep those people in mind.

Mr. NATCHER. Mr. Secretary, you may remember that about two days before we marked up our bill in subcommittee we got a request from downtown for an additional $700,000,000 for the Pell Grant program. That increase caused enormous problems for the Congress, coming up after the ceilings had been established.

Do you feel pretty good about the figures now before the committee for 1991, generally?

Secretary CAVAZOS. Yes, this is part of the independent student problem we experienced last year. It was hard to predict.

Mr. NATCHER. Mr. Conte.

STUDENT AID BUDGET REQUEST

Mr. CONTE. Thank you, Mr. Chairman. Mr. Secretary, at least in the elementary and secondary education goals there are proposals to increase spending. What happened to postsecondary education? Postsecondary education is also included in goal setting, but your budget request does not fully fund the Pell Grants at $2,300. Plus, it cuts SSIG's and Perkins loans.

It does not increase SEOG, which is a great program, or Work Study for inflation. My question: why is postsecondary education, particularly the student financial assistance account, the orphan in this budget?

Secretary CAVAZOS. I started out by thinking of it in another way. They are the recipients of, as I mentioned, what is coming down that pipeline, postsecondary education. So we have tried to emphasize and bring the change around at the elementary and secondary level.

I would point out that even though you are so accurate in where we have had to make reductions, that we will be able to fund, it is estimated, some 5,940,000 students. There will be no reduction in numbers of students who receive the Pell Grant or those who receive the guaranteed student loan, that is an entitlement.

So I don't look at it really as being left out of there.

You are very correct in your observation about the goals in higher education. It doesn't include that unless you look at some of the subsets. I am sure that will be involved in terms of higher education goal setting. But let me just say that about three weeks ago, or maybe it was a month ago, I gave a major talk to the American Council on Higher Education. At that time I set some goals for higher education, not personally, but suggested some things they ought to start thinking about.

They really dealt with many areas that in a way take their origin in the problem within elementary and secondary. One of the things I said to the higher education people was that it should be one of their goals to increase the number of minority students we have in the university.

That impacts the elementary and secondary levels because they need to do a better job in mathematics and science, in preparation of minority faculty, and a host of other areas. We have had an increase in requests for funding for the historically black colleges and our Title III area. So I think overall this is a balanced budget that helps us achieve that.

We look at it in that totality. I hope that next year as we sit here and we will be talking about the higher education reauthorization, many of these things that you are talking about now, Mr. Conte, we can address.

Mr. Conte. One of the administration's goals is to narrow the gap in completion rates between Black, Hispanic and Anglo students. I don't see how you will narrow the gap if you don't provide the funds. When you factor in inflation, over the last two years the programs I am talking about have been cut by about $1,500,000,000.

One other thing, I am concerned about the new minimum wage bill. What will that do to the SEOG program and Work Study? Are fewer students going to be able to get into the program?

Secretary Cavazos. I have been talking to my colleagues in higher education about the need to do as you point out, to increase graduation rates for Hispanics and for Blacks. Every time I talk with them they say we need to increase Pell grants and guaranteed student loans. We are doing that with the constraints that we have, the budget, et cetera. We have to start thinking about loan packages and budget packages.

I think the universities have to counsel people about how to finance education. Sure there will be Pell grant money or some of the money from guaranteed student loans but there are other resources out there. Many of the States are starting to put in resources at the State level to support these students.

Mr. Conte. That is not the case in Massachusetts! You don't know how bad it is.

Secretary Cavazos. I think one of the other things that we need to do is urge those schools to try to offer their own loan packages as well as more student money. Every time you pick up the Chronicle of Higher Education we have another university with a $1,000,000 financial campaign.

Often if you look at that, it is directed toward student aid. We need to think of it not just as one facet, the Federal Pell grant and guaranteed student loan, but think of getting everyone involved and taking part of the responsibility.

DEPARTMENTAL MANAGEMENT BUDGET REQUEST

Mr. CONTE. We could go on and on, but if things are so tight, why are you requesting a $58,000,000 increase for Departmental Management, taking it from $272,000,000 to $331,000,000? Didn't we give you $23,000,000 this year?

Secretary CAVAZOS. Part of the problem that we are running into is that we now have a lot more programs to administer. We now administer more than 200 programs within the Department. We have done very, very extensive work in the area of guaranteed student loans, default regulations, management. We need to have more people in those areas.

We want to be much more vigorous in terms of audit, civil rights and some of these areas. That accounts for these kinds of growth. I think this is a reasonable level we need to move toward. I think we are very shorthanded in the Department right now.

IMPACT OF SEQUESTRATION

Mr. CONTE. In fiscal year 1990, of the $1,600,000,000 increase we provided to the Department of Education, $265,000,000 was stricken due to the enactment of a four month sequestration. I warned at that time that sequestering would have dire consequences.

Tell me about the consequences of sequestering. Is sequestering a good thing?

Secretary CAVAZOS. I think certainly the problem with sequestering is that it can have these kinds of impacts. But a budget that is completely out of whack is one that is not a good thing, so we have to address it. We have to find ways of doing it. I am not saying it is a good thing but it is a mechanism that we must do. We are fortunate in the Department of Education that most of our programs are forward funded so therefore it did not impact us quite that much.

IMPACT OF SEQUESTRATION ON PELL GRANTS

We did take some impact in terms of Pell grant funding, $67,000,000 in terms of Pell grant funds. We have requested that we be given borrowing authority against our current appropriation to take care of the $106 million shortfall that remains after program funds are reduced by the $67 million sequester.

Mr. CONTE. Are you going to ask for reprogramming?

Mr. KOLB. We have announced there will be a linear reduction in Pell, based on that $67,000,000 attributable to the sequester.

That has been known for some time, since before the beginning of this year.

Mr. CONTE. Am I right in saying it will cause 14,000 students to lose their grants and cut the grants of 1,300,000 students?

Mr. KOLB. By about $50.00, I think that is right.

Mr. CONTE. $50.00 is a lot of money to a student going to school who doesn't have much money. Not everybody can afford to go to Harvard.

Mr. KOLB. This sequester applies all across Department programs. It was enacted by the Congress as well. In a sense there is a joint responsibility for that.

Mr. CONTE. I have used my 10 minutes, Mr. Chairman.

Mr. NATCHER. Mr. Secretary, no Member of Congress works harder for education than the next Member I will introduce, Mr. Hoyer of Maryland.

Mr. HOYER. Thank you, Mr. Chairman. I apologize for my late arrival. We have a number of subcommittee hearings today.

PRESIDENT'S GOALS FOR EDUCATION

The President has placed himself in the leadership of the efforts for excellence in education in our country. I think that is a very positive step that he has taken. In his State of the Union address, which I am sure you helped to fashion, he set forth certain goals. Those goals were also addressed in Charlottesville at the education summit. Is there a plan to attain those goals? If there is, within the time frame set by the President, what are the costs attached to attaining those items that are net attributable to the States? What efforts will we be making at the Federal level to encourage the States to undertake those efforts?

I know that is a broad question, but it is important to have a long term plan. It is essential because we have a crisis in education in America which is going to adversely affect the quality of life in our country and our ability to compete internationally.

Secretary CAVAZOS. I will be glad to address that. That is one of the issues we will be facing between now and the year 2000. Let me get back to the question of what is the grand plan. The National Governors Association is meeting with the Administration in the next month. But we have the President's preamble, the stated goals that are quite good goals, and, we worked as we fashioned those with the National Governors Association.

EDUCATION PROGRAMS SUPPORTING PRESIDENT'S GOALS

Now if you look at those goals, starting out with readiness to start schools, I think that there are a variety of strategies that have already been started at the President's level, such as his request for a $500,000,000 increase for Headstart. In this Department, we asked to double our Even Start program, a variety of pre-school grants that we are working on for handicapped children, and early intervention from birth to age two.

It is our assumption that we will be able to work with the States to make those programs effective. We have to have their support at that level. But if you look at the totality of those goals, they are dealing in part with the percentage of students graduating from school, getting them up to 90 percent from the low 70's where we are at the present time.

Here again, Chapter 1 becomes the key to that, Talent Search is one, expanded dropout research. We have provided budget increases in a number of areas to help us attack the bilingual problem, including the Bilingual Education program.

We could go right through each one of these goals, the next one dealing with competency in history, math, science and geography, and we can see that we have programs that really address every one of the issues that we bring out in these goals.

The President's Educational Excellence Act covers many of these areas as well. For the Eisenhower Science and Mathematics Education program, we have markedly increased our request there, in terms of what we are doing in the Department itself, by 70 percent, up to about $230,000,000. We are also working with the National Science Foundation and some other agencies to try to bring about coordinatin of science and math programs.

For literacy programs, we are asking for an increase to help the schools teach basic skills. Here again, we have asked for increases.

Mr. Hoyer, what I am getting at here is the following. I said to the Department: Look at the budget; what is the message that comes from that budget. The budget should state where you are going with these same kinds of goals.

Basically that comes through in that direction. We will work with the National Governors Association to implement these goals and move them ahead but what is so critical is not just the Governors.

Now we have to think about the State level, and the local level, the superintendents, principals, teachers, the parents, and the business community. All of those are a piece of the component. As I said earlier, I am not going to leave any of those people out. They have a responsibility and I know there is a commitment out there to bring it about. By setting these goals, the President has given that leadership and I believe we can move ahead.

Mr. HOYER. Mr. Secretary, I noticed you were reading from an outline. Would that be an appropriate document to include in the record at this point?

Secretary CAVAZOS. I will be glad to submit it for that. I asked Mr. Kolb, I said, "Let's look at the President's goals and what do you have in the budget to back that up." We will be glad to submit this for the record, Mr. Hoyer.

[The information follows:]

EXAMPLES OF HOW THE DEPARTMENT OF EDUCATION FY 1991 BUDGET ADDRESSES EDUCATION GOALS

The $24.6 billion 1991 budget for the Department of Education will foster excellence in education and provide educational opportunity for the disadvantaged, the handicapped, minorities, and needy college students. Following are examples of how the Department's budget supports the education goals announced by the President.

Readiness for School

GOAL 1: By the year 2000, all children in America will start school ready to learn.

- A major increase in support for the education of disadvantaged children under Chapter 1 would direct over $400 million to nearly 500,000 disadvantaged preschool children, an increase of $30 million and 18,000 children over 1990.
- For the Even Start program, which integrates early childhood and adult education into a unified program aimed at giving educationally disadvantaged parents the literacy skills needed to help their children succeed in school, the 1991 budget includes a $23.8 million increase in order to double the size of the current program to $48 million.
- The Preschool Grants program for handicapped children, three through five years of age, would be expanded by $6.2 million over the 1990 level. The budget would provide $726 per child for an estimated 355,000 children--an increase of $64 per child in the Federal share and 4,000 additional children over the 1990 level.
- Support for early intervention services to handicapped children, birth through two years of age, and their families would be increased by 4 percent or $3.2 million to almost $83 million.
- Under the Bilingual Education special populations activity, preschool projects are expected to increase approximately 10 percent, from $3.9 million to $4.3 million.
- The research budget includes funds for a new research and development center on families, communities, and young children's learning.

High School Completion

GOAL 2: By the year 2000, we will increase the percentage of students graduating from high school to at least ninety percent.

- Chapter 1 grants to local educational agencies will increase by 8 percent--to almost $5 billion--to provide compensatory education to about 6.3 million disadvantaged children, or 225,000 more than are now being served. These services are instrumental in preventing dropouts.

- An increase of $100 million, for a total of $225 million, is included for a Presidential Merit Schools program that will provide cash awards to schools based on school performance criteria, including a reduction in the dropout rate. For 1990, the Congress appropriated $125 million for Presidential Merit Schools, contingent on the enactment of authorizing legislation by March 1, 1990.

- An expanded dropout prevention demonstration program, proposed at $45 million, will test methods of encouraging potential dropouts to remain in school and those who have already dropped out to return to school and complete their education. An enhanced evaluation effort will help ensure that the most effective projects are identified and disseminated for use around the country. An additional $5 million has been requested for a national research center and other research projects to provide information on improving the performance of secondary school students and reducing the number of dropouts.

- An increase of 10 percent for the Drug-Free Schools and Communities program, from $539.2 million to $593.3 million, will provide increased support for drug education and prevention programs with a portion targeted on high-risk youth, including dropouts.

- Other efforts that attack the dropout problem are: (1) an increase of $17 million, or 9 percent, to a total of $206 million, for bilingual and immigrant education programs; including a special focus on districts with major influxes of children with limited English proficiency; (2) over $113 million for magnet schools in desegregating districts; and (3) $7.5 million to address the problems of homeless children and youth--both to help States coordinate their efforts, and to develop and demonstrate exemplary programs that address the needs of homeless students.

- An Administration initiative under the Talent Search program, begun in 1989, will encourage seventh- and eighth-graders to begin to think about pursuing a college education and help them to seek financial aid.

Student Achievement

GOAL 3: By the year 2000, American students will leave grades four, eight, and twelve having demonstrated competency over challenging subject matter, including English, mathematics, science, history and geography.

- The Administration's Educational Excellence Act would establish a Presidential Merit Schools program to provide cash awards to public and private elementary and secondary schools that have made substantial progress in raising student educational achievement, creating a safe and drug-free school environment, and reducing the dropout rate. For 1991, the Administration is requesting an increase to $225 million.

- Funding is also requested for Magnet Schools of Excellence, a component of the Administration's Educational Excellence Act, which received a contingent 1990 appropriation of $50 million. For 1991, the Administration proposes $100 million for this activity, which will be open to all local educational agencies, whether or not they are undergoing desegregation. Research has found that magnet schools, which give parents an opportunity to select the best educational program for their children, foster educational excellence.

- To create an incentive for improved teaching, $7.6 million is included for Presidential awards to elementary and secondary school teachers who meet the highest standards of excellence. This new program is also part of the Educational Excellence Act.

- A major increase is requested for education research and statistics in 1991 in order for the Department of Education to provide more and better information from research, practice, and statistics to help focus the education system on performance and results and help arm the American people with knowledge of what works in education so that they can improve the teaching and learning of American youngsters. Excluding amounts for assessment of student achievement (see below), total funding requested is $103 million, an increase of $25 million, or 32 percent, over the 1990 level.

- Also included is continuing support for the National Assessment of Educational Progress, a primary source of information on changes over time in the educational achievement of students at different grade levels and in various skills and subjects. These data will be useful in tracking progress toward national performance goals related to student achievement, because, beginning in 1990, the program includes representative assessments in participating States. Funding requested is $18.9 million.

Science and Mathematics

GOAL 4: By the year 2000, U.S. students will be first in the world in science and mathematics achievement.

- Support for the Dwight D. Eisenhower Mathematics and Science Education program would be increased by 70 percent--from $136 million in 1990 to $230 million in 1991. The program makes grants to States and local educational agencies and to institutions of higher education to improve the quality of mathematics and science teaching and to increase the access of all students to quality instruction.

- $5 million has been included for the first-year costs of a National Science Scholars program. The program, included in the President's Educational Excellence Act, would encourage achievement in the sciences by providing scholarships to graduating high school students who have excelled in the sciences, mathematics, and engineering.

- A $12.5 million initiative will also be included in the Upward Bound program to fund 50 regional mathematics and science projects for disadvantaged high school students to prepare them for higher education in these areas.

- The research request includes funds for two national research and development centers, one to improve the teaching and learning of mathematics, the other to do the same in science.

- The Graduate Assistance in Areas of National Need program would be funded at $25.5 million, a 61 percent increase over the 1990 level. This program provides fellowships for students of superior ability to pursue graduate-level study in mathematics, physics, chemistry, and engineering.

- The Minority Science Improvement program, which provides grants to minority higher education institutions for improvements in science teaching facilities and equipment, would be funded at $5.6 million, an increase of 4 percent over the 1990 level.

Literacy and Life-Long Learning

GOAL 5: By the year 2000, every adult American will be literate and possess the skills necessary to compete in a global economy and exercise the rights and responsibilities of citizenship.

- To help the parents of educationally disadvantaged children become full partners in the education of their children, the budget includes $48 million for Even Start--double the 1990 level.

- The Administration is seeking $200 million under the Adult Education State grant program--a 27 percent increase--to help States teach basic skills to 2.8 million illiterate adults and to help another 1.2 million adults attain high school equivalency.

- A national clearinghouse, funded at $5 million, will be created to help schools, community organizations, and employers use the latest and most effective methods and programs in adult literacy education. An additional $3 million will continue the Department's research and evaluation program in adult education and literacy.

- Other programs will focus on: (1) partnerships involving business, labor, and educational agencies, to demonstrate literacy training methods in the workplace ($19.7 million); (2) literacy training for homeless adults ($10 million); (3) bilingual education projects designed to teach English to limited English proficient adults and out-of-school youth ($5.5 million); (4) encouraging undergraduate students to provide volunteer tutoring to disadvantaged individuals in the community ($5 million); (5) literacy projects conducted in public libraries ($8.4 million); and (6) model demonstration programs in English literacy training ($1 million).

- The research and statistics request includes funds for a national research and development center on adult literacy and for continuation of the national assessment of adult literacy.

- Student aid programs will continue to support opportunities for older as well as traditional college-age students to pursue postsecondary education on a part-time basis. The 1991 budget request will provide Pell Grants to some 169,000 less-than-half-time students in academic year 1991-92.

o For vocational education, $937 million is requested for programs included in the Administration's Perkins Act reauthorization proposal.

Safe, Disciplined, and Drug-Free Schools

GOAL 6: By the year 2000, every school in America will be free of drugs and violence and offer a disciplined environment conducive to learning.

o The Drug-Free Schools and Communities Act is a vital component of the war on drugs. At the urging of the Administration, the Congress recently amended the program to:

-- require school districts and higher education institutions to carry out drug and alcohol abuse prevention programs or risk losing their Federal dollars; and

-- create an "Emergency Grants" program to help school districts in communities most affected by drug use and trafficking.

o The budget includes over $593 million for State Grants and other programs under the Act, an increase of $54 million, or 10 percent, over the 1990 level.

COST TO ATTAIN PRESIDENT'S GOALS

Mr. HOYER. In addition, please include for the record a long-term plan, if the Department has projected the costs of attaining those goals. The President and the Governors are correct, it is not sufficient to just throw more money at the problem. We must decide what the goals should be and then apply the resources necessary to attain those goals.

Obviously, I perceive one of your major responsibilities, and objectives, is to establish a plan to meet those goals. I think it would be important for the committee to see it.

HEAD START PROGRAM

The Head Start program, while it is not in your Department, is critically important to meeting those goals. We know unhealthy children do not learn. Birth to age two and a half may be as important as any stage of life for children going into the educational system.

As I understand it, we have proposed $1,900,000,000 for the Head Start program, $1,866,000,000 to be exact. If you take 1980 and apply nothing but cost-of-living increases to those figures, you come up with $1,886,000,000. My point is that though I am pleased that the Administration is increasing Head Start by $500,000,000, I think that it is essential that we do more.

The proposed increase is for services for 60 percent of four year olds only. It does not necessarily impact the five year olds. Most of the five year olds are in kindergarten. In Maryland and most States we have public kindergarten. But I think it is very critical for the committee, the Congress, the President, and the country to better understand what we need to do on a continuing basis.

EDUCATION GOALS AS REFLECTED IN FY 1991 BUDGET

I think we need to provide more than an inflation adjustment, just as we did on defense. I look forward to seeing that plan and working with you to implement it.

Secretary CAVAZOS. I will be glad to.

[The information follows:]

EDUCATION GOALS AS REFLECTED IN FY 1991 PRESIDENT'S BUDGET FOR DEPARTMENT OF EDUCATION

(In thousands of dollars)

	1990	1991	Change Amount	Change Percent
Goals:				
1. Readiness for School....	$749,873	$813,300	+$63,427	+8%
2. High School Completion..	7,185,302	7,833,927	+648,625	+9%
3. Student Achievement.....	270,241	459,326	+189,085	+70%
4. Science and Mathematics.	179,827	292,316	+112,489	+63%
5. Literacy and Life-Long Learning..............	237,320	314,382	+77,062	+32%
6. Safe, Disciplined, and Drug-Free Schools..	539,238	593,300	+54,062	+10%
TOTAL 1/.............	9,161,801	10,306,551	+1,144,750	12%

1/ Total of listed examples is provided for illustrative purposes only and does not necessarily include all Department programs that address the goals. Moreover, since certain programs address more than one goal, they appear in more than one category.

FUNDING SUMMARIES BY EDUCATION GOAL

(In thousands of dollars)

Change	1990	1991	Amount	Percent
1. Readiness for School				
Chapter 1:				
LEA grants...........	$358,274	$386,808	+$28,534	+8%
Migrant education....	32,298	33,595	+1,297	+4%
Even start.............	4,201	48,000	+23,799	+98%
Special education preschool grants......	251,510	257,730	+6,220	+2%
Special education grants for infants and families..........	79,520	82,701	+3,181	+4%
Bilingual education--Preschool.............	3,890	4,279	+389	+10%
Indian education--Preschool.............	180	187	+7	+4%
Research...............	---	800	+800	---
TOTAL.............	749,873	814,100	+64,227	+8%
2. High School Completion				
Chapter 1..............	5,183,783	5,604,361	+420,578	+8%
Presidential merit schools...............	125,000	225,000	+100,000	+80%
Dropout prevention demonstrations and research..........	50,000	+50,000	---	
Drug-Free Schools and Communities.......	539,238	593,300	+54,062	+10%
Bilingual education....	158,530	175,393	+16,863	+11%
Magnet schools in desegregating districts.............	113,189	113,189	---	---
Education for homeless children and youth....	7,404	7,500	+96	+1%
Training and advisory services (CRA-IV).....	21,451	21,451	---	---
Indian education.......	66,824	68,611	+1,787	+3%
Immigrant education....	30,144	30,144	---	---
Vocational education...	936,723	936,823	+100	---
TRIO--Talent search initiative...........	3,016	8,155	+5,139	+170%
TOTAL.............	7,185,302	7,833,927	+648,625	+9%

	Change	1990	1991	Amount	Percent
3.	Student Achievement				
	Presidential merit schools...............	$125,000	$225,000	+100,000	+80%
	Magnet schools of excellence............	50,000	100,000	+50,000	+100%
	President's awards for excellence in education.............	---	7,600	+7,600	---
	National science scholars..............	---	5,000	+5,000	---
	Research and statistics	78,157	102,860	+24,703	+31%
	National Assessment of Educational Progress..	17,084	18,866	+1,782	+10%
	TOTAL.............	270,241	459,326	+189,085	+70%
4.	Science and Mathematics 1/				
	Dwight D. Eisenhower math and science education:				
	State grants........	126,837	220,800	+93,963	+74%
	National programs...	8,781	9,200	+419	+5%
	National science scholars...........	---	5,000	+5,000	---
	Upward bound math and science initiative....	3,000	12,500	+9,500	+317
	Graduate assistance in areas of national need..................	15,793	25,483	+9,690	+61%
	Patricia Roberts Harris Graduate Fellowships.	8,500	9,400	+900	+11%
	Higher education minority science improvement...........	5,416	5,633	+217	+4%
	Research (OERI)........	500	1,400	+900	+180%
	Star Schools...........	8,100	---	-8,100	-100%
	FIPSE..................	2,900	2,900	---	---
	TOTAL.............	179,827	292,316	+112,489	+63%

1/ In addition to the amounts listed, approximately 47 percent of students served by Chapter 1 receive remedial assistance in mathematics, sometimes combined with reading. A dollar estimate is not available.

Change	1990	1991	Amount	Percent
5. Literacy and Life-Long Learning				
Adult education State grants................	$157,811	$200,000	+42,189	+27%
Even Start.............	24,201	48,000	+23,799	+98%
Adult education national programs.....	1,973	8,000	+6,027	+305%
Workplace literacy partnerships..........	19,726	19,726	---	---
Literacy training for homeless adults.......	7,397	10,000	+2,603	+35%
Family English literacy (Bilingual Education).	4,939	5,500	+561	+11%
Indian adult education.	4,078	4,249		
Student literacy corps.	5,042	5,042	+171	+4%
Library literacy programs..............	5,365	8,365	+3,000	+56%
English literacy grants	5,888	1,000	-4,888	-83%
Adult literacy research center.......	---	1,000	2/ +1,000	---
National Assessment of adult literacy........	900	3,500	+2,600	+288%
TOTAL.............	237,320	314,382	+77,062	+32%
6. Safe, Disciplined, and Drug-Free Schools				
Drug-free schools and communities:				
State grants........	437,881	487,619	+49,738	+11%
Teacher training....	14,554	14,554	---	---
National programs...	61,127	66,127	+5,000	+8%
Emergency grants....	24,688	25,000	+312	+1%
National Commission on Drug-Free Schools............	988	---	-988	-100%
TOTAL.............	539,238	593,300	+54,062	+10%

2/ Includes anticipated non-ED match of $500,000.

COORDINATING FEDERAL EDUCATION PROGRAMS

Secretary **Cavazos**. Although we are a little over $24,000,000,000 in the Department, there is probably about that amount in other departments at the cabinet level which you could say are truly education, Head Start, Agriculture, Defense, Health and Human Services, Interior, all of these have an educational component. I have been a strong advocate of this and I pushed very hard for it, not that I want their funding, but I want to make sure we work together, that we don't duplicate and that we get the most for our dollars. When I put together what you asked for, let's use some of these other ideas.

I went to the President a while back and said, we need something on education coming through the cabinet level because we have so many cabinet parts that are affected.

So we formed this committee. I chair that committee. We are trying to do exactly what you are saying, trying to get the most we can for those dollars.

Mr. **Hoyer**. I think that is a very useful effort. Do you expect to have some sort of report out or at least an explanation of the combined efforts that we are making not only out of your Department but out of the other departments?

Secretary **Cavazos**. I cannot commit for the other areas but certainly for the kind of leadership, for example, we are working on literacy across all the departments, the strategies we need to put that much in place. I cannot say what they will spend because I don't have that authority but I work very closely, particularly with Labor, and Health and Human Services, with Secretary Dole and Secretary Sullivan.

Mr. **Hoyer**. You have a $122,000,000 increase for research, statistics and assessment activities. Will that cover all the programs in your Department, including Chapter 1, which is a critically important program under your Department as well as Head Start?

Secretary **Cavazos**. No, it will not.

Mr. **Hoyer**. I asked Secretary Sullivan about an assessment of Head Start. We all agree that Head Start works but I think it can work better than it does. I hope there is coordination between Secretary Sullivan and yourself, because it is a critical intervention for a group that is at highest risk in our society and it helps us manage the most difficult problems the educational system confronts.

Secretary **Cavazos**. I agree the most critical time is probably that period from birth to two and a half years of age. That is when they learn self esteem, motivation starts, and then you can lay the foundation to prevent the drug problems. We are trying to coordinate Head Start, Even Start, and Chapter 1. Secretary Sullivan and his people and my Department are working to see what we can do with it.

We are committed to doing exactly what you are talking about.

Mr. **Hoyer**. Thank you.

Mr. **Natcher**. Mr. Early.

RESTRUCTURING THE EDUCATIONAL SYSTEM

Mr. **Early**. Secretary Cavazos, it is a pleasure to see you. I was concerned about your comment to Mr. Natcher. You suggested that in this country we spent $363,000,000,000 on education and 6.2 percent is the Federal share. You said that education is a local and State problem. Don't you think, as one of the finest educators I ever met, that it is time we had a renaissance in education. States and cities and towns cannot afford to keep up with quality education at the elementary and secondary level.

Secretary **Cavazos**. Thank you, very much, for your kind words, Mr. Early.

I really believe, to state it again, that the problem is not that the States or the Federal or the local level is not doing their part. The dollars are coming in. The problem is how we are using those dollars. People say what do you mean by that.

One, you change the system itself. I have talked about the restructuring we need to put in place, getting more people involved in these decisions, the variety of strategies we can do, early childhood education, alternative certification, looking at flexible school days. How much do we spend on administration as a Nation and how much do we spend on teaching.

What I have been doing, Mr. Early, and I have to be quite frank, it has not been appreciated through this Nation, is saying that you have to change the system. We know good and well, Mr. Early, and we have known for a decade that what you have to do is to change the system.

Mr. **Early**. You don't think we need to do studies, do you?

Secretary **Cavazos**. No, sir.

Mr. **Early**. Why do you keep asking for money for studies, that is a camouflage for not doing anything.

Secretary **Cavazos**. The dollars have been pouring in, the test scores go down and the youngsters drop out. You have to change the system. There has been an absolute refusal by people to initiate change in the system.

Mr. **Early**. That is the question. I think there is a little bureaucracy in your answer. We have to change the system in elementary and secondary education. We are staying at 6.2 percent. Mr. Conte told me earlier one of his biggest worries is that he has a local school district that is threatening to shut down the schools in April because there is no State money.

The Feds are supposed to recognize that. We are not supposed to do just what has to be done to get re-elected. There must be change.

Secretary **Cavazos**. It is not just educational dollars. You have to add people committed to changing the system because the quality is not coming out.

FUNDING AT STATE AND LOCAL LEVEL

Mr. **Early**. When you say that, you say problems are not related to money. I don't want to throw buckets of money to solve the problems, that is what the Democrats did in the sixties. But we need more monies in the cities and towns to increase the salaries we pay teachers. It is ludicrous to suggest that you send people through four years of college, and when they graduate you offer them $15,000 a year to teach.

I don't care how many studies say the size of the classroom doesn't make a difference. If you are teaching 30 or 40 students, you notice the difference. We talk about the dropouts. You talked about the 71 percent, and the President's goals of increasing the high school completion rate to 90 percent. That costs the cities and towns money.

In the City of Boston, they don't do anything with a truant until after 35 days. If a student skips school for a week or two, that student is not going back. That is because the cities and towns just don't have the money, especially in non-English-speaking areas.

Secretary Cavazos, you know how much I respect you, but we need a renaissance in how we approach education. We can't just focus on higher education. I recognize the practical problems of putting money into the system, and we give it back to higher education.

We changed the reimbursement formula, and I am sure the cities and towns will supplement current operations. But I am concerned that we are going down the same road with this budget. Here we have a budget that appeases ourselves, not a budget that will change anything.

Secretary CAVAZOS. Mr. Early, I really believe that this is a good budget and it addresses the issues. The issue needs to be addressed at the local and State level. It is not being addressed right there. That is where we find ourselves in situations where we are failing. The parents and the local communities have not been involved. Everybody says it is the Federal Government's job to be involved. We have proposed strategies for reform and we have proposed a budget which will help the States and local educational systems, but the States and localities must initiate the change.

Mr. EARLY. If that is the answer on the local and State level, what is the answer when the local and State levels don't have any money?

FEDERAL ROLE IN EDUCATION

Secretary CAVAZOS. Then they will have to make a decision on how they are going to spend their money, just as you and I do. The Department of Education is going to be 10 years old. As a Department, we are going to have a decade of great problems in education. What is our job? People say, Mr. Cavazos, you have been in this job 18 months and you have not changed the system and you are not going to get your job done.

We have zero authority to change the system. I cannot mandate a national curriculum, nor should I. I cannot mandate parental involvement or alternative certification. All I can do is what I am doing, and that is to provide the leadership that is there.

We were structured to do research, to measure; we have our civil rights responsibilities; and leadership. That is our responsibility. They keep saying, "give us more Federal dollars," and I will say, "No, you have to change the system."

Mr. EARLY. You say what you cannot do legally, but you also say we are putting all this money in elementary and secondary education. However, if the dropout rate does not decrease, the system is not working. If you don't pay teachers $20,000 or $25,000, you may not be getting the best teachers. We are not helping to solve the problem. We are putting a Band-Aid on it. I guess we have been studied-out. I wish there was not a dime in here for any more studies, because that would mean we would have to implement what we have studied at least 23 times.

NATIONAL DIFFUSION NETWORK

You proposed $12,000,000 for the National Diffusion Network. This has proven itself to be an outstanding vehicle for implementing many successful educational programs around the country that were developed at local levels. Do you believe that?

Secretary CAVAZOS. Yes.

Mr. EARLY. Shouldn't we be spending more money on this program, so we could stop studying and implement?

Secretary CAVAZOS. We have demonstrated how these things work. Why couldn't the State or local level pick it up? We have demonstrated that it works.

Mr. EARLY. They are getting the same message out there. Read my lips. You cannot sell a tax package in my State.

Secretary CAVAZOS. I have not advocated raising taxes.

REFORMS NEEDED IN EDUCATION

Mr. EARLY. I am not trying to get you to say that. I think education needs a total renaissance. For this member, I would agree to take all the money out of higher education and send that money back to the States for elementary and secondary education, if I believed that it would help improve the quality of elementary and secondary education. I don't think it will be popular, but what we are currently doing for elementary and secondary education is not working.

I have sat on this committee 16 years, and I don't think I have seen the quality of education improve. I think the Federal role is to pick up when the cities and States can't do it.

Secretary CAVAZOS. I want to be sure none of our colleagues in Dupont Circle misunderstand me. I think it is vital that we continue to support postsecondary education for a host of reasons. We need to have that component. But, when you say over the decade, we see no improvement and the Congress has continued to put dollars in this area, I say it is not just the responsibility of the Congress, the Department, or our President to improve education. We have to get people back at the local level involved in what needs to be done, and have the school boards and superintendents and others face up to the fundamental issue of change.

TEACHER SALARIES

Mr. EARLY. Don't we have to pay teachers?

Secretary CAVAZOS. I strongly support paying teachers. At the same time, you have to reallocate your dollars.

Mr. EARLY. Higher education pays their professors between $50,000 and $60,000 per year, and sometimes they don't teach a full day of classes. On the other hand, we don't give any financial incentives to elementary and secondary teachers. Whether it is a local, State or Federal problem, we all should address it.

Secretary CAVAZOS. Mr. Early, you and I have worked together before. We may not always agree, but we will certainly sit and talk about it.

Mr. EARLY. As long as we don't study anything. Thank you, Mr. Chairman.

Mr. NATCHER. Mr. Smith?

ROLE OF EDUCATION DEPARTMENT IN DRUG PREVENTION

Mr. SMITH OF IOWA. Mr. Secretary, we are finding an amazingly large percentage of drug addicts who first experimented as casual users while they were at some level of school, maybe all the way from third grade to college. What are you going to do to become involved in a more meaningful way in the drug program?

Secretary CAVAZOS. Let me address that issue, because I think it is one of the most fundamental problems that we are facing. I know that there has been some discussion that perhaps education is not the way to solve these issues.

I believe we have to do a better job in terms of drug education through our schools. We have increased our request for funding. Let me tell you what we are doing in the Department, specifically about what I think are some rather innovative programs.

DRUG PREVENTION CURRICULUM MODEL

I said before, we could not mandate a drug prevention curriculum, and rightly so. But we do have a curriculum model developed by experts for the Department. A few months ago, I said we needed a curriculum model that starts in Kindergarten and goes through 12th grade addressing what they, the schools, should consider teaching about drugs at each stage, from Kindergarten to high school. It is at the printer now. It will go out to the school districts any time now. I think that it will be an important part of the Federal contribution.

DRUG PREVENTION VIDEOS

We have also been working in a variety of other areas. For example, we have produced a number of videos. We have distributed these videos to every school district in this Nation. The videos apply to grade school, middle school, the high school level. We have some produced in Spanish. We have some directly related to urban settings and some of the problems that we have there.

DRUG PREVENTION HANDBOOKS

We have distributed over 3,000,000 copies of our "Schools Without Drugs" handbook. We have translated that into Spanish as well. We have a new handbook I asked for, a drug prevention handbook designed especially for parents.

OTHER DRUG PREVENTION ACTIVITIES

We also are working with the National Commission on Drug-Free Schools. I co-chair that Commission with Director Bennett.

We have also been involved in the education of our teachers of what they need to teach about drugs. We have worked with universities and colleges in developing standards for developing a network of drug-free colleges and universities.

So, we are approaching it at every level. I strongly support interdiction, tough policies, and all the other things that we have to do. But I think that we really must focus upon education as a vital component of our strategy against drugs. When I talk about drugs, I also include alcohol, because it is an illegal drug for those under 21 years of age.

I would like to see our efforts go in the direction of getting everyone involved. If we could just educate those youngsters, maybe they wouldn't use drugs. You could say a lot of those youngsters will drop out. We need to keep them off drugs to keep them from dropping out. It is not just those who are at risk of dropping out who have a drug problem.

Mr. SMITH of Iowa. As you indicated, we need all approaches. All of them have something to do with demand, not just education, nor rehabilitation, or law enforcement, which also has to do with demand. I hear people talk about winning the war on drugs. We are not winning the war. We are talking about reducing the damage that is done if you do not have to fight the war. Are we making some progress?

DROP IN DRUG USE BY SECONDARY STUDENTS

Secretary CAVAZOS. I think we are seeing some progress at the high school level. We have seen a decrease in use of hard drugs among high schoolers and junior high. But we see an increase in alcohol use. So, we have to continue to be relentless.

DRUG PREVENTION BUDGET

Mr. SMITH of Iowa. How much of an increase did you get in fiscal year 1990 for this purpose?

Secretary CAVAZOS. About a 50-percent increase is what we requested on this one.

Mr. SMITH of Iowa. What do you figure is the total amount in your budget now?

Secretary CAVAZOS. It is about $538,000,000.

Mr. SMITH of Iowa. The programs that you outlined don't require anything like $538,000,000?

DRUG PREVENTION STATE GRANT PROGRAM

Secretary CAVAZOS. Most of the $538,000,000 goes into the State grants for their use. In fact, for 1990, about $487,000,000 of that goes to the States for use in their programs.

Mr. SMITH of Iowa. You did not mention that before. That is the bulk of where you are spending your money.

Secretary CAVAZOS. Yes, sir.

Mr. SMITH of Iowa. Now, that is given to them. Is there any measurement? How do you measure how much you give one State compared to another?

Secretary CAVAZOS. Actually, it is a formula grant that goes out to the States. They use these funds for teachers training, curriculum development, outreach programs. While there is considerable discretion in exactly how school districts spend their funds, the law specifies certain requirements which must be met by State and local school systems. We leave it pretty much up to the States and local school districts as to how they use funds, however, they furnish us with a plan in their application for funds.

Mr. SMITH of Iowa. Some States do nothing with that, isn't that right?

Secretary CAVAZOS. It is spotty.

Mr. SMITH of Iowa. And some do a great job.

Secretary CAVAZOS. Yes.

Mr. SMITH of Iowa. What can you do?

Secretary CAVAZOS. Keep the pressure up on them. In terms of program effectiveness, we have to get them to submit those plans. Right now, we are evaluating, trying to see how they are doing. We are going to gather that information and tell them if they are not doing a good job.

DRUG PREVENTION TEACHER TRAINING PROGRAMS

Mr. SMITH of Iowa. How about making direct grants for programs for continuing education? In other words, I don't know if it is a four-week or six-week course, so teachers are supposed to be involved and would go to the university and take the course?

Secretary CAVAZOS. We have a program for teacher training. It is not of a specific length.

Mr. SMITH of Iowa. What length is it?

Secretary CAVAZOS. I am informed it can be almost any length, depending on the project.

Mr. KOLB. We fund these particular projects through the teacher training programs.

Secretary CAVAZOS. That is not all at the State level.

Mr. SMITH of Iowa. That is my question. I am advised that a substantial share of the grants that you are making, and practically all the money is going for that purpose, a substantial share of it is not being used for that purpose. Wouldn't it be better for you to do some direct granting to programs that will have results like teacher training programs?

Mr. KOLB. That is something we have looked at. We do have programs that get at your concerns, Mr. Smith. We are making direct grants for teacher training in addition to State formula grants, which may be used for teacher training at the discretion of State and local school officials. On the issue of effectiveness of programs, we have evaluations going on right now. The States that receive the money are required to do an evaluation. Of the three or four years the money has been going out, we have been looking at these programs, and if we are not satisfied, we will be back before you to suggest possible changes in the focus of the authorizing language. As it currently exists, it requires us to get the money out that way.

DRUG PREVENTION STATE GRANT PROGRAM

Mr. SMITH of Iowa. I understand that. That bothers me, too, because once a State incorporates into their education system a certain amount of grant money that is not being used for this purpose, they don't want to take it away from whatever it is being used for.

So, any year that goes by where they got more money, and did not use it for the drug purpose is a year lost with that State, isn't it?

Secretary CAVAZOS. It could be sir; although, we have no indication that this is happening with these funds.

Mr. SMITH of Iowa. We ran into that with the National Institutes of Health way back when Mr. Natcher and I first came on to this committee. NIH got $73,000,000. We gave them money faster than they could use it. So, it became locked into the overhead at certain universities. You cannot take it away from them once it is locked in. You are getting into the same trouble with drugs, aren't you?

Secretary CAVAZOS. Not necessarily. We are being careful, but you are right in raising the concern.

Mr. SMITH of Iowa. Speed is important. Get some programs that really limit the grants to ways that they will be used, or better yet, maybe you need to be making some more grant programs where you know you will get better results.

Secretary CAVAZOS. If we don't find they are making progress, we will have to look at different strategies. I think we made it very clear to the folks out there—the applicants—that they have to convince us the money will be well spent. We are not going to just put money into programs without having results come out of it.

Mr. SMITH OF IOWA. What is the timetable?

Mr. KOLB. We have an interim study of the State grant program that is just about finished. By fall, the final report should be finished.

Mr. SMITH of Iowa. It will be another school year then?

Mr. KOLB. Yes, sir.

Mr. SMITH of Iowa. Thank you, Mr. Chairman.

Mr. NATCHER. Mr. Obey, I yield to you.

PELL GRANT COST ESTIMATION

Mr. OBEY. Mr. Secretary, the Chairman earlier pointed out that last year, the Administration caused quite a problem because just two days before our mark-up on the education bill, the Administration suddenly decided they underestimated the cost of Pell Grants and came to us and suggested we needed to provide $900,000,000 more than was suggested in your budget, in order to meet the same funding levels for the program that you thought you had met earlier.

The problem is that the timing of that request cost education about $900,000,000, because of the way the budget process works. The Administration came up here and said, whoops, we were wrong, it is going to cost almost $1,000,000,000 more. You did not suggest where we should have taken that money from. So you were able to pose for holy pictures while we had to do the dirty work.

Under the budget process and under Gramm-Rudman, which I did not support, once we are given our 302 allocation under the budget, if you then came in and said we had an accounting mistake, even if it was a whopper, this subcommittee could not adjust upwards the amount for education.

So, in essence, we simply had to take that $1,000,000,000 out of someplace else. We had to stick it to education, stick it to health, stick it to job programs in order to try to meet the need.

Can we be assured that we are not going to have a surprise this year from you on this or any other program?

Mr. KOLB. I think the best we can say is yes. What happened last year in connection with that, and I admit the timing was not optimal, was the large variation in the number due to the huge increase in the number of independent students applying for Pell Grants. This was not an accounting mistake. It was a situation driven by people seeking access to the programs.

To a certain extent, you have wedded to the budget process the funding process for Pell Grants. I think we do a good job at estimating Pell Grant costs and GAO seems to concur. We have to project at least two years ahead of time family contributions, and the number of students. Given the fact that we do it two years ahead I think we do a good job.

Mr. OBEY. I understand that, but the problem is after we made the decisions, the Administration kicked the hell out of us in the press and said, look at these guys on the Hill, they cut so-and-so. The process was blessed by the Administration and the Congress had no choice. We were the infantrymen while everybody was posing for holy pictures. We did not appreciate that on the subcommittee.

GUARANTEED STUDENT LOAN COST ESTIMATES

I raise that because while it does not have a budget program, you have a similar problem with guaranteed student loans in that the Administration is assuming a T-bill rate of 5.4 percent. In contrast to CBO's, which is 7.2 percent. So, in terms of leveling with the country about what the cost of that program will be, we could be considerably off if CBO is correct and you are wrong.

Can you tell me how much more the guaranteed student loans program would cost if the CBO 7.2 estimate for T-bill rates is correct?

Mr. KOLB. I have it at 7.9 percent. The delta would be $1,300,000,000 over the 1991 request.

Ms. CHRISTENSEN. I think we should point out that over the last year the T-bill rate as projected by OMB has had a very good record. For the first quarter of 1990, OMB accurately projected the current T-bill rate.

GUARANTEED STUDENT LOAN SUPPLEMENTAL

Mr. OBEY. In fiscal year 1989, we provided a supplemental, including $892,000,000 for GSL because the estimates on the part of the Administration at the same time were woefully overly-optimistic.

Mr. KOLB. The first round of projections by the Bush Administration was absolutely accurate for the past year. We were more accurate than all 52 forecasters regularly used by the Blue-Chip indicators. Also, the economic forecast is conditional on adopting the President's program.

Mr. OBEY. We understand that, but the fact is that—well, I am not going to get into it today.

STUDENT LOAN DEFAULTS

What percentage of the student aid program loans are in default?

Secretary CAVAZOS. About 37 percent.

Mr. OBEY. I thought you said 37 percent?

Secretary CAVAZOS. That is the default rate, 37 percent.

Mr. OBEY. What percentage of the overall defaults which take place are defaults by students going to proprietary schools?

Secretary CAVAZOS. That is over 40 percent.

Mr. OBEY. I just want to urge you to take a look at the whole question of proprietary school eligibility for some of these programs. I recognize that some of these do good jobs, but I see a lot of turkeys advertising on T.V. programs, they get the kids in the program through the TV commercial and then the Federal Government is stuck with the bill. We have to come down much harder on proprietaries than we have to date or Uncle Sam is going to make the taxpayers Uncle Sucker.

Secretary CAVAZOS. I agree this is an area for vigilance. We had about $1,800,000,000 in defaults last year. It is almost $8,300,000,000 in total.

Mr. OBEY. If you divide public, private and proprietary, proprietary is the one segment of the universe that is going up. So, it seems to me that program will get bigger not smaller, unless you come down harder.

Secretary CAVAZOS. I agree. I have met with the leadership of proprietary schools. There are some very fine schools out there, but some terrible ones. We are going to try to close them down.

PELL GRANTS—INCOME ELIGIBILITY

Mr. OBEY. Regarding Pell Grants, given family size and all of that, roughly, families are not going to—unless they are in unusual circumstances—be eligible for Pell Grants if they had income above $35,000?

Secretary CAVAZOS. Yes, sir. For a typical family of four the maximum income for grant eligibility would be $34,150.

Mr. OBEY. For a family making $25,000 to $35,000, they get an average of $875 for Pell Grants.

Secretary CAVAZOS. We will have to check that. According to the Pell model, for family incomes between $25,000 and $30,000, the average student award would be $893; for incomes above $30,000, the average award would be $734.

PURCHASING POWER OF PELL GRANTS VERSUS RISING TUITION

Mr. OBEY. What I am leading to is this: In 1980, I understand the Pell Grant met approximately 50 percent of an education in a four-year institution. Today, it has dropped to 35 percent. Even for the average grant, that dropped by approximately 15 percent as a percentage of costs met by Pell Grants.

That leads me to two conclusions: One, we are not providing kids with as much help as we used to; and secondly, you have some universities that are raising costs far beyond what they ought to be raising costs.

Have you ever given any consideration to simply saying that Pell Grants are simply not going to be made available for use at institutions if they exceed the average cost by, say, 50 percent for a similar category institution, and if that institution's costs are rising at a rate faster than the national average?

Secretary CAVAZOS. We have not proposed that.

Mr. OBEY. Shouldn't we give consideration to that?

Secretary CAVAZOS. We are looking at higher education reauthorization coming up. I am not going to advocate that we do that, but we have to find ways to really get the universities to control their costs.

I am not sure that is the only mechanism or the best mechanism, but we will take a look at that. We will talk about that one next year.

Mr. OBEY. I wonder if we can continue to allow some of the Cadillac elite institutions in this country to increase costs 12 to 14 percent as they have done and continue to be eligible? That is awfully hard to justify.

FEDERAL, STATE AND LOCAL SHARE IN EDUCATION

One other question, going back to Mr. Early's point, you indicate that you think it is the State and local governments who are not doing the job on education. I will grant you that money will not solve our education problems alone. We need to have improvement in school performance, family involvement, improvement in reduction of bureaucracy and increasing the number of teachers in terms of a ratio of teachers to bureaucracy.

But since 1980, the Federal Government has shifted a significant portion of education back to the State and local government. That is not deniable. We are spending more per pupil now than we did in 1989.

The Federal share has gone down and the local share has gone up. The State and local units are meeting their responsibilities to a greater extent than ever before. Now, my town has a school bond issue. They will vote on it in about three weeks.

I think that is going to go down, the same as I have seen a lot of school bond issues go down because local taxpayers are getting squeezed on the property tax. The reason is we doubled military spending in the eighties and borrowed from the domestic side of the budget.

If the Federal Government was meeting its same share of costs, the Feds would be providing $10,000,000,000 more to State and locals than they are now. What would be wrong with taking, two years from now, $10,000,000,000 out of the military budget now that it is going to be coming down, and assuming that you win the argument and we are not going to be able to increase direct Federal support for education, although I think we ought to, but say you win the argument and we cannot do that, what would be wrong with taking $10,000,000,000 of that and sending it back to the States, telling them they can use it only for property tax relief or education purposes, provided the States have on the books a process by which they evaluate their own improvement in school performance. What is wrong with that?

Secretary CAVAZOS. I think that, first of all, what is wrong with it is that that is direct support of education, basically. You said I was going to win the argument, but in the same way, you are saying $10,000,000,000 will be going into tax relief. Let me point out one other thing.

EDUCATION VERSUS DEFENSE EXPENDITURES

I think that the expenditure across this past decade for defense was about $2,600,000,000,000. But we actually spent more than that, $2,800,000,000,000, on education. If you look at how much we are spending this year, we are projecting $350,000,000,000. The Defense Department is going to be spending probably in the ball park of $285,000,000,000.

What has happened is that we have grown faster in terms of education spending as compared to defense spending.

FEDERAL, STATE AND LOCAL SHARE IN EDUCATION

Mr. OBEY. So you are against us increasing the Administration's education support level at the Federal level, and you are also against us providing help to State and local governments so they can continue to carry their share.

Secretary CAVAZOS. I think the State and local governments need to look at it. I think the debate this decade is how are we going to be funding and getting equity into the system.

Mr. OBEY. I certainly would suggest that an increase in reliance on the property taxes, which is the least equitable, is not an equitable way.

Secretary CAVAZOS. I did not advocate one or the other. I think you have to look at all ways so that it becomes equitable. There are a number of States already that are looking at that very issue in terms of how they are going to be funding education. Some of the States have been found not in compliance in terms of the way they have done it. It will be the naughty issue for this decade.

Mr. OBEY. Thank you.

Mr. NATCHER. Mr. Stokes?

HIGHER EDUCATION ACT REAUTHORIZATION

Mr. STOKES. Mr. Secretary, this past fall, your Department conducted some hearings on reauthorization of the Higher Education Act. One of the questions posed at that time was whether or not Howard University should be included under the Act.

I would like to know, firstly, what the purpose or reason for posing this particular question was, and, secondly, what type of responses did you get?

Mr. KOLB. Mr. Stokes, we put that question in because we wanted to make it clear that for purposes of reauthorization, every institution affected by the Higher Education Act would be on the table subject to review. We received over 1,200 comments that we have gone through. I will have to check if any related to Howard University.

According to Bob Davidson of my staff, we did not receive any comments on that issue.

[CLERK'S NOTE.—After the hearing the Department corrected this statement indicating that a few comments related to Howard were received.]

Mr. STOKES. You did not receive many comments on this issue?

Mr. KOLB. That is correct.

HOWARD UNIVERSITY ENDOWMENT PROGRAM

Mr. STOKES. Can you tell us why Howard is not recommended in the budget for any type of inflationary increase? The only increase in your budget for them would be for the endowment program. Can you tell us why?

Mr. KOLB. We have had a long-term view with respect to Howard that the institution should over time improve its long-term financial strength and become self-supporting. We have focused our increasing attention on the endowment program, matching program.

TRIO PROGRAM BUDGET INCREASE

Mr. STOKES. I was pleased to see that you recommended a 12-percent increase for the TRIO program. Can you tell us how many additional students you will be able to serve?

Ms. CHRISTENSEN. A little over 61,100 additional students will be served.

Mr. STOKES. What would it cost to double the number of students served by the TRIO program?

Ms. CHRISTENSEN. We can provide that for the record.

[The information follows:]

COST TO DOUBLE THE NUMBER OF TRIO STUDENTS

Based on the program emphases used in preparing the FY 1991 Budget, it would cost approximately $453 million to serve double the number of students as were served in FY 1990 by the TRIO programs (Special Programs for the Disadvantaged). This is $183 million more than the Administration's request and $211 million more than the FY 1990 appropriation.

Ms. CHRISTENSEN. We have three very exciting initiatives for the TRIO program—one to reach 7th and 8th grade students, one in the science and mathematics area, and one to encourage students in two-year schools to continue their higher education. We also have additional funds for a new competition in Talent Search, and we have built in continuation costs in all the existing projects in the TRIO program.

TRIO PROGRAM EVALUATION

Mr. STOKES. Can you give us the status of the evaluation of the TRIO program?

Ms. CHRISTENSEN. We have $1,437,000, appropriated last year. We are beginning now to evaluate a lot of the existing projects and to attempt to identify the most exemplary of those. The $1,000,000 increase in our budget will continue that same effort so that we can not only identify the most promising practices, but also disseminate them to the existing TRIO projects, as well as other colleges and universities in the country, so we can make the most of what we have gotten out of that program.

We know we can never serve all the students through this program that need those services, but, we think that this is the best, most cost-effective way of trying to do that.

Secretary CAVAZOS. Certainly, TRIO is one of the most important programs that we have, because it does focus on those youngsters in the very, very early, seventh and eighth grades. We see this as one of a number of strategies we can put in place to address the drop out issue.

We mentioned building the endowment, I think until historically black universities build those endowments, they are not going to be able to do this. If you look at the budget, it includes efforts in the area of minority science improvement programs, and the Literacy Corps. Of course, the financial aid systems must be a part of that, and an important one. We are trying to bring all the strategies here to address that issue of the one-third that are dropping out.

I would hope, basically, and this gets back to the other discussions we had earlier, that by having model programs such as TRIO, the States would step in to that part. If it works, if the evaluation looks pretty good, let's see if we cannot work in a partnership to turn this around, because we are dropping out too many youngsters.

TRIO BUDGET INCREASES

Mr. STOKES. TRIO got a 10.3-percent increase for fiscal year 1990. One of my concerns is whether the grant awards currently reflect this increase. It is my understanding that Talent Search projects generally have been given increases less than 4.2 percent, the amount needed to maintain current services. Some are receiving only increases of 2.9 percent. Is this information correct?

Secretary CAVAZOS. Let me check on those percentages and see if we can be sure we give you the accurate data.

Ms. CHRISTENSEN. During the current year, those inflationary costs have been built into the projects. We will provide that for the record.

[The information follows:]

DISTRIBUTION OF FY 1990 TRIO APPROPRIATION

Your understanding that some projects are receiving increases of less than 4.2 percent, CBO's estimate of fiscal year 1990 inflation, to maintain current services is correct. In preparing the fiscal year 1990 estimates of continuation costs for the TRIO programs, as reflected in the 1991 President's Budget Request, we used the standard, 4.0 percent "deflator" for fiscal year 1990 mandated by the Office of Management and Budget for use Government-wide in the President's Budget Request for 1991. This deflator established the average, program-wide increase for continuation costs. However, in determining the rate of increase for a particular project, we apply the standard rate to its justified continuation costs. This means that some projects receive less than the average increase because of unique circumstances of each project needs, such as the degree to which it is actually serving the number of students it was initially funded to serve and the degree to which its expenses of the previous year were of a one-time nature (e.g. equipment expenses). Likewise, the specific circumstances of some projects may warrant increases in excess of the standard rate. Such factors may include: location of the project, fringe benefit rates, and participant travel expenses. Thus, while the overall amount budgeted for these continuation costs was 4 percent over the previous year's total, some projects will receive less and some more.

While TRIO, overall, received a 10.3 percent increase in appropriations for FY 1990, each of the TRIO programs was budgeted for least a 4 percent increase in the amount available for grant awards for FY 1990. The distribution of the appropriation among the six TRIO programs was based on several factors, including: 1) the necessity to reflect any congressional mandates, such as those stipulated in the House appropriations committee report (funding an additional 25 Upward Bound projects and increasing by a substantial number the number of new awards under the Ronald McNair Post-Baccalaureate Achievement program) and the mandated Upward Bound evaluation; 2) the implementation and/or expansion of the Secretarial initiatives under the Student Support Services, Upward Bound, and Talent Search programs; and 3) new award funding for programs at the end of their 3-year funding cycle which require a new competition. As a result of these varying factors, the projected distribution among TRIO Programs of the FY 1990 appropriation increases ranged from 4 percent to 102 percent and the average grant award increases ranged from 4 percent to 9 percent, as detailed in the workload data below:

SPECIAL PROGRAMS FOR THE DISADVANTAGED
(TRIO)
Workload Data

	FY 1989	FY 1990	Percent Change 89 to 90
Student Support Services			
Available Funds	$85,393,000	$90,638,000	6.14%
2-Year College Initiative	---	---	N/A
New awards	---	$90,638,000	N/A
Continuation awards	$85,393,000	---	N/A
Number of grant awards			
New awards	---	721	N/A
Continuation awards	707	---	N/A
Average grant award	$120,800	$125,700	4.06%
Number of participants	164,300	167,300	1.83%
Avg. Fed. cost/participant	$520	$542	4.23%
Upward Bound			
Available Funds	$93,609,000	$106,002,000	13.4%
Math/Science Initiative	---	$3,000,000	N/A
New awards	$93,609,000	$5,700,000	N/A
Continuation awards	---	$100,302,000 1/	7.15% 2/

1/ Includes $3,000,000 for the Math/Science Initiative.

2/ Reflects comparison to new awards made in 1989.

Number of grant awards			
New awards	477	25	N/A
Continuation awards	---	477	N/A
Average grant award	$196,000	$211,200	7.76%
Number of participants	34,600	36,400	5.20%
Avg. Fed. cost/participant	$2,705	$2,912	7.65%
Talent Search			
Available Funds	$25,864,000	$27,115,000	4.84%
7th & 8th Grade Initiative	$2,900,000	$3,016,000	4.00%
New awards	---	---	N/A
Continuation awards	$25,864,000	$27,115,000	4.84%
Number of grant awards			
New awards	---	---	N/A
Continuation awards	177	177	0.00%
Average grant award	$147,300	$153,200	4.01%
Number of Participants	193,400	193,400	0.00%
Avg. Fed. cost/participant	$134	$140	4.48%
Educational Opportunity Centers (EOC)			
Available Funds	$11,630,000	$12,095,000	4.00%
New awards	---	---	N/A
Continuation awards	$11,630,000	$12,095,000	4.00%
Number of grant awards			
New awards	---	---	N/A
Continuation awards	40	40	0.00%
Average Grant award	$290,800	$302,400	3.99%
Number of participants	110,000	110,000	0.00%
Avg. Fed. cost/participant	$106	$110	3.77%

Ronald McNair Post-Baccalaureate Achievement Program			
Available Funds	$1,482,000	$3,000,000	102.43%
New awards	$1,482,000	$1,459,000	1.55%
Continuation awards	---	$1,541,000	3.98% 3/
Number of grant awards			
New awards	14	12	N/A
Continuation awards	---	14	N/A
Average grant award	$105,900	$115,400	8.97%
Number of participants	600	1,100	83.33%
Avg. Fed. cost/participant	$2,470	$2,730	10.53%
Staff Training			
Available Funds	$1,279,000	$1,535,000	20.02%
New awards	---	$1,535,000	N/A
Continuation awards	$1,279,000	---	N/A
Number of grant awards			
New awards	---	15	N/A
Continuation awards	13	---	N/A
Average grant award	$98,400	$102,300	3.96%
Number of participants	1,600	1,900	18.75%
Avg. Fed. cost/participants	$799	$808	1.13%
Total grant awards	1,428	1,481	3.71%
Total number of participants	504,500	510,100	1.11%
Total budget authority	$219,257,000	$240,385,000 4/	9.64%

3/ Reflects comparison to new awards made in 1989.

4/ The following amount for evaluation of Upward Bound and Student Support Services are excluded: $1,437,000 in fiscal year 1990.

MATHEMATICS AND SCIENCE EDUCATION

Mr. STOKES. Thank you very much.

Thank you, Mr. Chairman.

Mr. NATCHER. Mr. Early?

Mr. EARLY. Mr. Secretary, I have heard from many teachers and administrators who wish they had more money for math and science programs. The Administration is requesting $220,800,000 for the Eisenhower Mathematics and Science Education program. I think you recognized the problem, and are trying to correct it. Do you believe the $220,800,000 request is sufficient to bring about a significant change? The change this country needs is to make our students scientifically literate, in order to compete in the high-tech world of the future.

Secretary CAVAZOS. It is a start. I have a personal interest in terms of science and math. The 70-percent increase is a good first step. We have also seen marked increases in the Administration request for the National Science Foundation, and also for Energy in terms of how much we are going to spend on math and science education.

I think what we are going to have to do is, in addition to providing the kind of funding we are requesting, and that which the States provide, we will have to look at what the curriculum looks like. It is kind of like the early childhood issue, we are not introducing them into solid mathematics and science in grade school, early grade school.

So, what we have to have is additional funding from the three different levels of government—State, local and Federal—and we will have to look at what we have in the way of math and science curriculum for the early years.

Mr. EARLY. That big increase shows that you are addressing the important challenges we are facing which I think is right.

SUPPLEMENTAL OPPORTUNITY AND WORK STUDY GRANTS

There are three different Larry Cavazoses, former President of Texas Tech, former Dean of the Tufts University Medical School, and Secretary of Education.

But now, the Administration is proposing level funding for both Supplemental and Work Study grants. I think those programs assist most of the private colleges. What impact will this have on students currently participating in the program?

First of all, as Secretary Cavazos.

Secretary CAVAZOS. I think certainly where we have shifted the emphasis on that, we have shifted it to Pell, and we have shifted it over to the guaranteed student loans. The Perkins loan fund has been built up and there are sufficient dollars out there. Work Study, I think that here, as Secretary, I will say we are going to have to ask the universities to address that in a more fundamental way.

Mr. EARLY. Is that what you said when you were President of Texas Tech?

Secretary CAVAZOS. As Dean there, and in the Tufts University system, I had to find all the ways I could to hold down costs. We made some tough, tough decisions. Those buildings on Harrison Avenue were not Taj Mahals. My goal was to make education accessible. We had over 17 percent in the medical school that were minority.

What I am getting at, is that as a President, I went out and started a capital campaign, earmarked a large part of that toward student support, and I said to my colleagues, we have to make some decisions about our role and scope and what we are like and hold down every one of these costs.

Basically, what we are getting to, regardless of what hat I am wearing, I think it is a partnership. We cannot just say, Federal Government, you fund it. We have to meet that portion going up. On the education grants, SEOG grants, the actual numbers are going up because of the match, when you get down to the number of students we can support there.

SUPPLEMENTAL EDUCATIONAL OPPORTUNITY GRANTS

Mr. EARLY. But your funding is not going up in SEOG, is it?

Secretary CAVAZOS. No, because of the match.

RESTRUCTURING IN EDUCATION

Mr. EARLY. Should we look at the schools that charge less, and give them more? Harvard has all sorts of endowments whereas Tufts University is a different story. Mr. Cavazos, the budget does show a lot of improvement. I just wish there were changes in certain areas.

Secretary CAVAZOS. I think this budget is headed in the right direction.

Mr. EARLY. We are going in the right direction, but——

Secretary CAVAZOS. When I talk about restructuring, I am talking about it not only at the local level, but what the Federal Government should be doing and the kind of budget they need to prepare. These people here get no rest from me, because we know the Federal Government's role.

Mr. EARLY. We jump in at the eighth and ninth inning with higher education. I think we should make a commitment in the first inning. We have the Pells and the SEOGs for higher education, but the real problem is the lack of funding for the first, second and third inning. I know it must change with the States, cities and towns.

Secretary CAVAZOS. Forty-eight percent of this budget is directed toward that first part. I am optimistic.

Mr. **Early**. Mr. Chairman, when we have college presidents or deans in front of this Committee, they talk dollars; when they are Secretaries, they talk percentages.

Secretary **Cavazos**. If you don't mind, Mr. Chairman, I wouldn't touch that comment.

Mr. **Natcher**. Mr. Hoyer, I yield to you.

CHAPTER 1 PROGRAM PARTICIPANTS

Mr. **Hoyer**. Maybe this question has been asked, but what percentage of eligible children will be served under the Chapter 1 program by the increase?

Secretary **Cavazos**. Almost between 40 and 60 percent will be eligible; these are those who score at the 35th percentile who will be eligible.

Mr. **Kolb**. The reasoning for that variance is attributable to the way the eligibility decisions are made at the local level.

Secretary **Cavazos**. It is ball park between 40 and 60 percent.

Mr. **Hoyer**. The total eligible are what?

Ms. **Christensen**. Somewhere around 10,000,000, we serve about 5,000,000.

Secretary **Cavazos**. We have over $5,000,000,000 in the program for 1990.

Mr. **Hoyer**. Under the President's goal will we serve all eligible children, both in Chapter 1 and Head Start?

Secretary **Cavazos**. The proposal is to fully fund Head Start, not Chapter 1.

Mr. **Hoyer**. Why has the Administration not also expressed as a goal 100 percent inclusion of Chapter 1-eligible students if we have identified them as students at greater educational risk?

Secretary **Cavazos**. Looking at this budget, there are a lot of factors that impact the children at risk in addition to Chapter 1; the bilingual education piece of it is just as much a part of it, drug education, right on down the line.

Mr. **Hoyer**. If I can interrupt, I certainly understand that, but wouldn't that mean that 50 percent of the eligible children are presumably getting bilingual challenges, and 50 percent are not?

Do you see my point?

CHAPTER 1 BUDGET INCREASE

Secretary **Cavazos**. I see your point. If you look at my tenure in this Department, we have had that as a high priority and have brought up the funding in Chapter 1. It is my intention to move it ahead as quickly as we can.

Mr. **Hoyer**. Is it a 4.1-percent increase?

Secretary **Cavazos**. It is 8 percent.

Mr. **Hoyer**. What does that include?

Ms. **Christensen**. That is an eight percent increase for grants to local educational agencies. Your basic question, though, if you look at the numbers in Chapter 1, Chapter 1 is meant to be complementary to State and local efforts. States and locals have been increasing their dollars in this area for disadvantaged children over the last few years, and more dramatically each year.

The second point is that——

FEDERAL VERSUS STATE SUPPORT LEVELS FOR CHAPTER 1

Mr. HOYER. Is your point that the States are making greater efforts and therefore the Feds don't have to?

Ms. CHRISTENSEN. Right.

Mr. HOYER. I would like the following: What is the growing challenge, the need, if you will, and what is the State level of support and therefore the concomitant Federal response?

[The information follows:]

COMPARISON OF STATE AND FEDERAL LEVELS OF SUPPORT FOR COMPENSATORY EDUCATION PROGRAMS

	State funds supporting compensatory education programs	Federal compensatory education funds
1978	$489,358,713	$2,018,803,180
1987	[1] 1,100,000,000	3,414,587,994
Percent increase 1978 to 1987	125	69

[1] Estimate based on the results of a telephone survey conducted in 1987.

CHAPTER 1 CONCENTRATION GRANTS

Ms. CHRISTENSEN. Right. A second point that is important is that we have proposed and we are doing this, and this is the result of congressional action over the past few years, we are targeting or concentrating these funds in the areas where there are the highest concentrations of low-income children who have the greatest need.

I think that is really important as far as the focus of this program. You could spend more, but it would be spread so thinly across all the other areas.

Secretary CAVAZOS. One of the other things, last year we had about a 50-percent increase in our concentration grants to address the issue that she is talking about. It gets down to trying to target resources to do the best job that we can.

CHAPTER 1 LONGITUDINAL STUDY

Mr. HOYER. Will part of the $122,000,000 increase in your studies that Mr. Early is so enthusiastic about look at the effectiveness of what we are doing in Chapter 1?

Mr. KOLB. Yes. We have a major longitudinal study on Chapter 1, but we won't share it with Mr. Early. [Laughter.] The reason was for the changes. We have to coordinate the Chapter 1 program with Even Start and Head Start. We hope this will help us understand better.

EDUCATION SPENDING—ELEMENTARY/SECONDARY PRIORITY

Mr. HOYER. Let me reiterate what Mr. Early said. I think you know how most of us feel. If I had to choose between spending on higher education and elementary and secondary, there is no doubt in my mind I would choose elementary and secondary. The last four Secretaries have been out of higher education. I suppose that is understandable from the point of view of you and Secretary Bennett, Secretary Bell and Judge Shirley Hufstedler, and our focus to a large degree has historically been on higher education.

However, if we believe that we have a crisis in education in this country, whether it is in Mississippi or Maryland or Colorado or Florida, Massachusetts and Michigan—what they do impacts on all of us. It is a national problem. We are losing so many children the dropout rate is in much more of a crisis than our defense budget.

From some of what I've heard, I think the objectives are sometimes inappropriate. Ms. Christensen may be correct about State, local and Federal funding, but John Murphy, our Superintendent in Prince Georges County, will say the States and locals are making a greater effort, and the Federal assistance part of our education budget is not as great as it was 10 or 15 years ago.

We are not winning the battle that we cannot afford to lose.

Secretary Cavazos. Mr. Hoyer, if I may comment on a couple of points that you raised there. Looking at the goals there, the President's emphasis has been on elementary and secondary education. That is very, very clear. I have had the question from the higher education people, why are you spending all your time over there, you need to be addressing us?

Basically, I have made it very clear that this will be emphasized, but that does not mean that we will step away from our traditional and very important commitment to the level of higher education.

After all the products coming from the elementary and secondary, you have to have a first-rate higher education system. One of my concerns, and I will share this with the committee, was that at one time, we had the finest elementary and secondary systems in the world. Other nations judged their programs against the United States.

But we have the problems we all know about now. Today we have the finest higher education system in the world, I think that is well acknowledged.

Mr. Hoyer. I agree.

BALANCING FUNDING AT ALL LEVELS

Secretary Cavazos. But there are some weaknesses that higher education had better start addressing, or they are going to find themselves in great trouble. We have this balance that we have to work with. Although the balance shifted in this budget to elementary and secondary, that doesn't mean we can step away from what we have to do in higher education.

If we address it, the very problems will spill over to secondary and higher education. I think it is the Administration's responsibility to keep a better focus on both elements.

Mr. Hoyer. To back up on either element would be a disgrace. I will tell you, Mr. Secretary, the Administration which preceded you, of which the President was a part, sounded retreat in seven out of eight budgets submitted to this committee.

Thank you.

Secretary Cavazos. Thank you.

HEAD START AND CHAPTER 1 FUNDING POLICIES

Mr. Natcher. Mr. Secretary, President Bush has announced a policy of serving all eligible four-year-olds under the Head Start program. Would the Administration support a similar policy of supporting all similar Chapter 1-eligible students?

Secretary CAVAZOS. I think we are going to try to do the best job that we can with the resources that we have, not just in Chapter 1, but for the variety of other issues as well, in order to help these children who are basically at risk.

We are going to have to work with the States because they are doing more and more in this area of educating disadvantaged youngsters, and see if we cannot extend that funding. I would tie Chapter 1 to Head Start, Even Start. We have good State programs for special education. We are going to keep on pushing on that, Mr. Chairman.

As we review your request earlier on about what will we do with extra funding, should that come up, I can guarantee you that Chapter 1 will be right up there in front.

CLOSING REMARKS

Mr. NATCHER. Mr. Secretary, this has been a good hearing. It is a good start on the budget request. I and the other Members have some additional questions to be answered for the record.

The committee will recess until 2:00.

[The following questions were submitted to be answered for the record:]

EDUCATION SPENDING COMPARED WITH THAT OF OTHER NATIONS

Mr. Natcher: Mr. Secretary, there have been conflicting reports about how much this country spends on elementary and secondary education compared to other nations. You discuss this issue in your statement. What can you tell us about both per student expenditures and expenditures as a percent of our gross national product?

Secretary Cavazos: The United States spends more on education as a whole than almost any other country, using any measure. We also spend more per pupil for elementary and secondary education than any industrialized nation except Switzerland, as the accompanying table illustrates.

PER PUPIL EXPENDITURES AS BASIS FOR COMPARING EDUCATION SPENDING

Per pupil expenditures are the best measure of what a country is spending to educate its citizens. Expenditures as a percent of gross national product, on the other hand, tell us nothing about what level of educational resources we are providing to our students. A simple example illustrates this point.

Over the past decade, we have increased expenditures for elementary and secondary education from $165 billion in 1980-81 to $209 billion in 1988-89 after accounting for inflation. That is, our education spending is about $44 billion more today in real terms than in 1980. Spending per pupil is also up.

Nevertheless, because our economic growth overall has also been impressive, the ratio of education expenditures over total national income has stayed roughly the same, at about 4.1 percent of GNP. As the numerator in the equation has grown, so has the denominator. For this reason, percent of national income is not a very meaningful measure of education spending.

I would also like to observe that research consistently shows little or no direct relationship between increased spending and improved outcomes like better test scores or lower dropout rates. Internationally, even countries which spend less than the United States by either spending measure outperform us on international achievement tests. Neither spending measure, then, can tell us how to restructure our schools so that our students can perform better in comparison to students abroad and have greater success in school and the workplace. Reaching this goal should be our major concern.

INTERNATIONAL COMPARISONS OF PER STUDENT EXPENDITURES
Pre-K through Secondary School

Current Expenditures Per Student(1)

	Year	Constant 1985 Dollars	Rank
Switzerland	1985	$3683	1
United States	1985	$3310	2
Sweden	1985	$3214	3
Canada	1985	$3192	4
Denmark	1986	$3089	5
Norway	1985	$2900	6
Luxembourg	1983	$2596	7
Austria	1985	$2497	8
West Germany	1985	$2253	9
Belgium	1985	$2234	10
France	1984	$1996	11
Australia	1985	$1995	12
United Kingdom	1984	$1897	13
Netherlands	1984	$1860	14
Japan	1985	$1805	15
New Zealand	1985	$1262	16
Italy	1983	$1249	17
Ireland	1984	$1108	18
Portugal	1985	$911	19
Spain	1979	$598	20
Greece	1984	$514	21
Turkey	1985	$241	22

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(1) Per student expenditures in foreign currencies are expressed in dollar values using the 1985 Purchasing Power Parities (PPP) Index supplied by the Organization for Economic Cooperation and Development (OECD) to adjust for differing price levels. Data sources: Digest of Education Statistics 1989; UNESCO Statistical Yearbook 1988.

PELL GRANTS

Mr. Natcher: Would you explain for the Subcommittee how the 1990 sequestration will impact on payments for Pell grants this Fall?

Secretary Cavazos: The fiscal year 1990 Pell Grant appropriation of $4.804 billion reflects a sequester of $66.5 million, 1.4 percent of the appropriation pursuant to P.L. 99-177. Therefore, the 1990 full-funding estimate of $4.846 billion was reduced by the $66.5 million sequester to result in a funding level of $4.779 billion.

Only $4.673 billion of the fiscal year 1990 appropriation is available for awards in the 1990-91 award year because $131 million of the 1990 appropriation is designated for unfinanced costs in the 1989-90 award year. Therefore, the Department has requested an additional $106 million in its fiscal year 1991 Budget Request to fund the difference between the available appropriation and the estimated program cost at the post-sequester level of $4.779 billion.

The $66.5 million reduction in funding is estimated to result in the elimination of awards to 14,000 students (with awards averaging $200) and the reduction of the awards of approximately 1.3 million additional students by an average of $50. Overall, 3,214,000 students will receive average awards of $1,482 in the 1990-91 award year.

Mr. Natcher: Has any consideration been given to requesting a 1990 supplemental in order to avoid the linear reduction for Pell grants?

Secretary Cavazos: Administration and the Congress have agreed on the necessity to reduce the deficit by meeting yearly deficit reduction targets. To meet the 1990 target, a small Gramm-Rudman across-the-board sequestration of discretionary programs was enacted. As with all other such programs, the Department will not seek a supplemental Pell Grant appropriation for the 1990 fiscal year for the purpose of "restoring" the 1990 sequester amount because to do so would violate the spirit of this year's reconciliation act.

However, the Department is minimizing the negative impact of the reduced funding level for the 1990-91 award year by requesting, in the fiscal year 1991 budget, those additional funds needed to pay students at the Pell Grant program full-funding cost estimate minus the sequester of $66.5 million. Only $4.673 billion of the fiscal year 1990 appropriation is available for awards in the 1990-91 award year because $131 million of the 1990 appropriation is designated for unfinanced costs in the 1989-90 award year. The requested for additional $106 million will fund the difference between the available appropriation and the estimated program cost at the post-sequester level of $4.779 billion.

PELL GRANT SUPPLEMENTAL BILL LANGUAGE

Mr. Natcher: At what point do you need to have your Pell grant borrowing language enacted into law? Could this wait until the 1991 bill rather than being put into a supplemental?

Secretary Cavazos: Proposed supplemental bill language would permit the Secretary to use fiscal year 1990 appropriations to fund award year 1989-90 Pell Grant program costs that exceed the current appropriation availability (which already includes $131 million authorized in 1990 appropriations language). Use of the fiscal year 1990 funds is necessary because available funds are estimated to be about $265 million short of 1989-90 award year costs.

The fiscal year 1989 shortfall may begin to affect program operations as early as late April. This date may be extended until early June depending on how rapidly we recover excess allocations--Pell funds which have been committed to, but are not needed at certain institutions. Institutions requesting Pell funds after late April and before early June can expect a delay as we collect any excess allocations.

This does not mean students will not necessarily be able to enroll or stay in school. It does mean that, after our funds run out, until authority to use FY 1990 funds for prior year costs is enacted, the Department will be unable to meet institutional requests for student payments. To avoid these delays and allow use of FY 1990 funds for the current award year as soon as they are needed, immediate action on this supplemental bill language is necessary.

DRUG-FREE SCHOOLS AND COMMUNITIES

Mr. Natcher: Dr. Cavazos, would you review for the Committee your 1991 request for Drug-Free Schools and tell us how this compares to 1989 and 1990?

Secretary Cavazos: Our overall request for 1991 is $593.3 million, a $54.1 million (10%) increase over the 1990 level of $539.2 million and a $184.8 million (67.4%) increase over the 1989 level of $345.5 million. Almost all ($49.7 million) of the requested increase for 1991 is for the State grant program, for which funding is proposed at $487.6 million, compared to $437.9 million in 1990 and $287.7 million in 1989. School personnel training would be funded at $14.6 million, the same as the 1990 level and $7 million more than in 1989. A $5 million increase is proposed for National programs to support the numerous projects and activities funded under the Federal activities set-aside, bringing the request for National programs to $66.2 milion, compared to $61.2 million in 1990 and $59.8 million in 1989. Funding for the new Emergency Grants program is requested at its fully authorized level of $25 million, an increase of $.3 million over the 1990 level of $24.7 million. We think each of these programs, especially the President's new Emergency Grants program, will greatly help achieve the President's and Governors' national goal of freeing all schools fromt the scourge of drugs and violence by the year 2000. Emergency grants were not funded in 1989. Finally, no funds are requested for the National Commission on Drug-Free Schools, which was funded at $1 million in 1990, because it will cease operations before fiscal year 1991 begins. The following table summarizes these amounts:

DRUG-FREE SCHOOLS AND COMMUNITIES PROGRAMS

Budget Authority (millions)	1989 Actual	1990 Actual	1991 Request
State grants	$287.7	$437.9	$487.6
School personnel training	7.0	14.6	14.6
National programs	59.8	61.1	66.1
Emergency grants	---	24.7	25.0
National Commission on Drug-Free Schools	---	1.0	---
Total	354.5	539.2	593.3

Mr. Natcher: Both Director Darman and Drug Czar Bennett have expressed doubts about the effectiveness of these drug education programs. They both endorsed the budget request but they were skeptical about whether it would make much of an impact.
Mr. Secretary, $593 million is a lot of money. What do you expect to achieve with this program? What specific outcomes will be used to measure these achievements?

Secretary Cavazos: I expect this program to contribute to a reduction in the use of illegal drugs by our Nation's youth and to an increase in the number of youth who disapprove of illegal drug use. This can be measured, overall, through surveys such as the National Household Survey on Drug Abuse and the National High School Senior Drug Abuse Survey, both sponsored annually by the National Institute on Drug Abuse. However, it is not possible, methodologically, to attribute these survey results directly to the Drug-Free Schools and Communities program. It is not possible to isolate the impact of these funds because young people are not isolated from changing societal attitudes toward drugs. I believe the Drug-Free Schools and Communities program makes an important --perhaps critical -- contribution to the war against drugs; but parents, churches, synagogues, youth groups, community and private sector organizations, and the media are all significantly affecting young peoples' knowledge, attitudes, and behavior towards drugs.

Therefore, in attempting to examine the impact of the Drug-Free Schools and Communities program, the Department plans to: (1) survey the alcohol and other drug use knowledge, attitudes, and behavior of a sample of 6th-9th graders who have been exposed to comprehensive prevention programs; (2) conduct site visits to identify successful comprehensive programs; and (3) examine the extent to which State prevention programs have changed in response to increases in funding, and in response to 1989 amendments to the Drug-Free Schools and Communities Act that (a) require school districts to certify that they have adopted and implemented alcohol and drug prevention programs, and (b) strengthen monitoring, evaluation, and reporting activities.

MATHEMATICS AND SCIENCE EDUCATION

Mr. Natcher: The 1991 request includes a $94 million increase for math and science grants - up to a total of $230 million. As you know, this Committee has not been enthused about this program partially because the average school district gets such a small amount of money. What can you tell us to address these concerns?

Secretary Cavazos: If we assume a 100 percent LEA participation rate, our request would increase the estimated average LEA grant to nearly $9,400. Our contacts with State and local participants through conferences, site visits, and other program monitoring efforts indicate that this amount of funding can be used effectively to address math and science teacher training needs. Many LEAs conduct or participate in workshops, seminars, and other activities designed to increase teachers' knowledge and skills and improve instruction in math and science. In addition, the Department encourages small districts to form consortia, which can combine small grants into amounts adequate to carry out viable projects. Many school districts supplement State and local funding earmarked for teacher training with Eisenhower funds. This partnership between the Federal State, and local governments in mathematics and science education will do much to help achieve the National Goal of making American first in mathematics and science achievement by the year 2000.

INCREASED DEMAND FOR PH.D. FACULTY

Mr. Natcher: Mr. Secretary, the Committee has received several studies projecting a critical shortage of Ph.D. faculty in the next decade. What is the Department's view of these studies?

Secretary Cavazos: The studies you speak of have led me to be concerned about a possible shortage of faculty in higher education. If present trends continue, within several years there will be an imbalance between the number of Ph.D.s produced and the number demanded.

The downturn in the output of new Ph.D.s has been largely a result of the dismal employment prospects for new academics since the early 1970s. The projections have shown that the outlook for college faculty is now very good. I expect, therefore, that the increased demand for faculty will be answered by renewed interest in academic careers, particularly in the humanities and the social sciences where shortages are projected to be the worst. I think that improved prospects will lead many who were formerly discouraged to enter academia and, that the projected shortages will not fully come about. I am still concerned, however, that students and institutions will not respond as fast as they will need to, particularly in fields that are already suffering shortages.

NEED FOR NATIONAL TESTS

Mr. Natcher: Mr. Secretary, your Department has a major initiative to raise the high school completion rate. We also have to make sure that students who get a diploma have learned certain things. Do we need national tests or standards to guarantee that a High School diploma means that a student has mastered certain basic skills?

Secretary Cavazos: President Bush, along with the Nation's Governors, has developed a set of national goals to be met by the year 2000. As a result of these goals, there has been a great deal of discussion about developing national tests. I do not believe that national standards should be developed that every State must adopt as a requirement for high school graduation. Since States and local communities have the lead role in determining such requirements, I believe that the setting of standards should be left to them. However, I do believe that the Federal Government has a responsibility for tracking the progress of the Nation in achieving these goals. In this context, I believe that a national test to measure achievement is useful. Whether such a test is to be used by Governors to set standards is up to the individual States.

NATIONAL BOARD FOR PROFESSIONAL TEACHING STANDARDS

Mr. Natcher: Mr. Secretary, I am afraid this Committee may get in the middle of a dispute about funding for the National Board for Professional Teacher Standards. Tell us how this board is organized and why you are opposed to Federal support for this effort?

Secretary Cavazos: We are not opposed to the Board's mission. We fully support its efforts to delineate high standards for teaching and to recognize teachers who meet those standards.

The Board was established in 1987. Its central mission is to create a system for certification of experienced teachers. This national certification will be voluntary and will confer distinction by the profession on teachers who meet high and rigorous standards. This is in contrast to State licensure/certification, which is mandatory and which regulates entry to practice for beginning teachers through minimum competency standards that vary by State. The Board's chairman is James B. Hunt. The president is James A. Kelly. The majority of the 64-member board are teachers. Other members include: James Comer, Mary Futrell, Thomas H. Kean, David T. Kearns, Ruth E. Randall, Albert Shanker, and Adam Urbanski. The first set of assessments is expected to be completed in 1993.

We do not believe there should be Federal involvement in setting standards for the profession. The Board has requested funds for research activities that would form the basis for its professional assessments. We believe it would be highly inappropriate to support the Board's funding. The Board, as it is presently constituted, is a private organization that operates with total independence from the Federal government. We believe that is the way it should remain. We have three major concerns about Federal funding for the Board. First, the Department, as a rule, opposes sole source contracts, particularly when the recipient of Federal dollars does not have an established track record and the money is to be used for unspecified research and development activities. Second, the proposal under consideration lacks accountability to the Secretary of Education. Third, the funds requested by the Board ($25 million) are excessive and the research would likely duplicate research activities that are currently under way or that are planned by the Department.

MIGRANT EDUCATION COMMISSION

Mr. Natcher: Mr. Secretary, we know that you are concerned about migrant education issues. When do you expect the National Commission on Migrant Education to complete its review and issue its recommendations?

Secretary Cavazos: The authorizing statute requires that the Commission complete its review of the Migrant Education program and issue recommendations within two years after its first meeting. The Commission first met in September 1989, so we expect to see its final report and recommendations for the program by September 1991.

GAO INQUIRIES

Mr. Natcher: In December 1989, the Department of Education initiated certain procedures to be followed by Department officials in responding to information requests from GAO. Tell us why this was done and what "critical separation of powers issues" made the Department's General Counsel initiate a uniform approach in responding to information requests from GAO staff?

Secretary Cavazos: These procedures are designed to ensure that Department employees respond promptly and appropriately to GAO requests for information, taking into account the GAO oversight responsibility and balancing any issue relating to separation of powers and other legal concerns.

These procedures are designed not to inhibit or delay GAO inquiries. We have discussed with GAO representatives our willingness to work informally with them to avoid delays. GAO representatives understood and acknowledged the purpose of the procedures. In addition, we expect that there will be very few occasions when the Department would find it necessary to withhold information.

The statute that requires Executive Branch agencies to provide documents to GAO expressly recognizes that there are proper bases for the agencies to withhold information from GAO and, in this regard, establishes a process for the resolution of any disputes. The Department's recently adopted procedures are designed to implement this law. They also reflect concerns expressed by President Bush and the Attorney General that the Office of the Presidency be strengthened in this Administration.

Mr. Natcher: On what legal basis could documentation and/or statistical data requested by GAO staff as part of an ongoing congressionally requested assignment be denied?

Secretary Cavazos: In almost all cases we would expect to provide GAO access to documents that it requests, and would not anticipate any objection to GAO's request for information.

Grounds for properly withholding information from GAO include:

- **Requests that exceed GAO's statutory investigative authority; for example, requests that are directed toward the exercise of constitutional powers entrusted to the President.**

- Requests that intrude into the deliberative process within the Executive Branch and that fall within the Executive Privilege.

- Under 31 U.S.C. 716, documents may be withheld initially from GAO if they are withholdable from public disclosure under 5 U.S.C. 552(b)(5) (documents involving inter-agency or intra-agency deliberations) or 552(b)(7) (records compiled for law enforcement purposes). 31 U.S.C. 716 bars the Comptroller General from instituting a civil action or issuing a subpoena for a record if the President or the Director of the Office of Management and Budget certifies that the record falls within these exceptions and its "disclosure reasonably could be expected to impair substantially" Government operations.

Again, these grounds would not lightly be asserted to withhold information from GAO.

ACCESSING NCES NATIONAL DATA TAPES

Mr. Natcher: What is the legal basis for denying GAO staff access to National Center for Education Statistics national data tapes?

Secretary Cavazos: The National Center for Education Statistics (NCES) may disclose personally identifiable data to GAO for certain purposes, subject to limitations contained in section 406 of the General Education Provisions Act (GEPA). The Hawkins-Stafford Act amended section 406 of GEPA by adding strict confidentiality provisions for data collected by the Center. Under these provisions, NCES may disclose individually identifiable information for the statistical purposes for which the data were collected only to persons who take an oath required under the section. Any person who takes the oath and violates the restrictions on confidentiality under the oath is subject to a criminal fine of $250,000 and imprisonment of not more than five years.

Provided the research requested by GAO is consistent with the purposes for which the NCES data are collected, we do not see a legal bar at this time for disclosure to GAO. However, we do believe disclosure of individually identifiable information to GAO for other purposes would be barred and would be immune from legal process under the statute.

Incidentally, I understand that GAO during 1987 did request access to individually identifiable information contained in the 1985 Public School Survey teacher file. At that time, the Hawkins-Stafford Act had not yet been passed. Thus, the Center maintained confidentiality of information through strict provisions in its contracts with the organizations that conducted research for the Department. Under those contracts, not even the Department could gain access to the national data tapes. Thus, ED could not force the contractor to disclose data to GAO. The problem was solved at that time by preparing a special contract order to have the contractor prepare the analysis for GAO.

FY 1990 GRAMM-RUDMAN REDUCTIONS

Mr. Natcher: Insert in the record at this point a list by account of the reductions which result from the fiscal year 1990 sequestration.

Secretary Cavazos: The fiscal year 1990 reductions due to sequester were as follows:

REDUCTIONS DUE TO SEQUESTER, FISCAL YEAR 1990

(in thousands of dollars) Department of Education Account	1990 Sequester
Compensatory Education for the Disadvantaged	$66,416
Impact Aid	0
School Improvement Programs	17,653
Indian Education	1,038
Bilingual, Immigrant, and Refugee Education	0
Education for the Handicapped	28,521
Rehabilitation Services and Handicapped Research	24,658
Special Institutions for the Handicapped	1,517
Vocational and Adult Education:	
(a) Annual appropriation	15,570
(b) Permanent appropriation (Smith-Hughes Act)	100
Total	15,670
Student Financial Assistance	84,331
Guaranteed Student Loans	12,482
Higher Education	8,205
Howard University	0
Higher Education Facilities Loans	0
College Housing and Academic Facilities Loans	0
College Housing Loans	0
Education Research and Statistics	1,134
Libraries	0
Program Administration	3,643
Office for Civil Rights	606
Office of the Inspector General	271
Total, Department of Education Sequester	266,145

DEPARTMENT OF EDUCATION FUNDING--FY 1981-90

Mr. Natcher: Insert a 10-year funding history for the Department as a whole, showing 1) the amount requested versus the amount appropriated, and 2) of the amount appropriated, how much was for mandatory and how much for discretionary activities.

Secretary Cavazos: The table comparing Department requests with appropriations follows:

DEPARTMENT OF EDUCATION, REQUESTS VERSUS APPROPRIATIONS

(dollars in thousands)

Fiscal Year	Request	Appropriation		
		Mandatory	Discretionary	Total
1981	$13,450,554	$3,430,142	$11,364,237	$14,794,379
1982	12,497,763	4,005,317	10,709,100	14,714,417
1983	9,922,671	4,083,801	11,310,618	15,394,419
1984	13,104,065	3,342,223	12,076,375	15,418,598
1985	15,465,980	4,945,961	14,113,684	19,059,645
1986	15,484,759	4,418,311	13,453,804	17,872,115
1987	15,137,826	3,989,085	15,618,344	19,607,429
1988	13,967,422	3,917,759	16,315,757	20,233,516
1989	21,102,019	5,507,590	17,230,960	22,738,550
1990	23,568,582	5,355,930	18,755,030	24,110,960

EDUCATION FUNDING BY ACCOUNT AND LEVEL--FY 1981-90

Mr. Natcher: Also insert a 10-year table of appropriations by account with a summary of elementary and secondary education versus higher education.

Secretary Cavazos: The requested information is provided in two tables which follow:

EDUCATION DEPARTMENT BUDGET HISTORY BY ACCOUNT AND LEVEL

(dollars in thousands) Account	1981 Appropriation	1982 Appropriation	1983 Appropriation	1984 Appropriation	1985 Appropriation	1986 Appropriation	1987 Appropriation	1988 Appropriation	1989 Appropriation	1990 Appropriation
Compensatory Education for the Disadvantaged....................	$3,111,620	$3,040,980	$3,207,094	$3,408,250	$3,595,663	$3,536,749	$3,951,683	$4,336,543	$4,579,138	$5,318,381
Impact Aid........................	681,750	456,200	540,200	600,300	695,000	682,722	717,500	708,476	733,096	732,352
School Improvement Programs.........	614,471	536,880	534,500	528,367	758,109	674,709	941,490	1,030,738	1,217,089	1,446,741
Chicago Litigation Settlement......	0	0	0	0	0	0	83,000	0	0	0
Indian Education....................	81,680	77,852	69,105	68,760	67,404	64,107	64,036	66,326	71,553	73,620
Bilingual and Immigrant Education..	157,467	134,372	134,371	165,679	169,265	161,984	188,981	191,751	197,384	188,674
Education for the Handicapped......	1,025,231	1,068,580	1,199,402	1,240,645	1,321,270	1,350,336	1,741,900	1,860,019	1,966,438	2,055,256
Rehabilitation Services and Handicapped Research.............	953,749	952,171	1,045,347	1,155,600	1,234,015	1,309,761	1,484,758	1,500,400	1,660,070	1,780,212
Special Institutions for the Handicapped......................	75,004	83,310	83,310	89,010	95,610	95,231	99,510	99,065	104,669	109,376
Vocational and Adult Education.....	785,599	745,872	827,347	842,731	944,111	910,692	994,848	1,022,279	1,080,614	1,130,506
Student Financial Assistance.......	3,801,550	3,569,480	3,617,000	3,986,860	5,160,482	4,822,859	5,483,000	5,544,792	5,814,320	6,000,766
Guaranteed Student Loans...........	2,535,470	3,073,846	3,100,500	2,256.500	3,799,823	3,265,941	2,717,000	2,565,000	4,066,828	3,858,344
Higher Education...................	394,593	390,223	422,176	406,866	479,083	435,663	480,428	534,471	565,729	623,544
Howard University..................	133,983	145,200	145,200	156,200	158,230	157,168	170,230	172,203	178,973	182,446
Higher Education Facilities Loans and College Housing Loans........	3,026	49,111	20,317	19,846	14,194	17,991	19,285	0	0	0
College Housing and Academic Facilities Loans.................	0	0	0	0	0	0	60,000	62,231	31,315	35,129
College Construction Loan Insurance	0	0	0	0	0	0	0	19,148	0	0
Receipts...........................	(10,574)	(28,141)	(27,877)	(23,384)	(18,979)	(66,896)	(80,268)	(80,659)	(62,805)	(85,238)
Research, Statistics, and Improvement of Practice..........	74,561	61,979	64,203	56,978	59,978	57,399	63,578	67,526	78,201	85,241
Libraries..........................	84,405	80,080	130,320	86,880	125,000	122,017	132,500	135,089	137,200	136,646
Program Administration.............	229,415	218,430	222,000	230,000	241,075	216,154	234,692	241,028	250,464	273,303
Civil Rights.......................	46,915	45,038	44,868	44,396	45,000	42,704	43,000	40,539	41,635	44,572
Inspector General..................	11,464	11,894	12,840	14,961	15,312	14,654	16,378	17,560	18,619	23,118
Education and Reseach Overseas.....	3,000	960	516	1,133	0	0	0	0	0	0
Total, Budget Authority..........	14,794,379	14,714,417	15,394,419	15,418,598	19,059,645	17,872,115	19,607,429	20,233,516	22,738,550	24,110,960

EDUCATION DEPARTMENT BUDGET HISTORY BY ACCOUNT AND LEVEL

(dollars in thousands) Summary by Level	1981 Appropriation	1982 Appropriation	1983 Appropriation	1984 Appropriation	1985 Appropriation	1986 Appropriation	1987 Appropriation	1988 Appropriation	1989 Appropriation	1990 Appropriation
Elementary and Secondary	$6,457,818	$6,060,736	$6,512,899	$6,934,752	$7,650,822	$7,381,469	$8,683,418	$9,225,132	$9,845,332	$10,945,509
Postsecondary	6,933,052	7,283,029	7,361,426	6,893,898	9,688,443	8,727,957	8,949,105	8,916,251	10,699,029	10,812,367
Other	1,403,509	1,370,652	1,520,094	1,589,948	1,720,380	1,762,689	1,974,906	2,092,133	2,194,189	2,353,084
Total	14,794,379	14,714,417	15,394,419	15,418,598	19,059,645	17,872,115	19,607,429	20,233,516	22,738,550	24,110,960

(dollars in millions) Summary by Level	1981	1982	1983	1984	1985	1986	1987	1988	1989	1990
Elementary and Secondary	6,458	6,061	6,513	6,935	7,651	7,381	8,683	9,225	9,845	10,946
Postsecondary	6,933	7,283	7,361	6,894	9,688	8,728	8,949	8,916	10,699	10,812
Other	1,404	1,371	1,520	1,590	1,720	1,763	1,975	2,092	2,194	2,353
Total	14,794	14,714	15,394	15,419	19,060	17,872	19,607	20,234	22,739	24,111

Percent by Level	1981	1982	1983	1984	1985	1986	1987	1988	1989	1990
Elementary and Secondary	43.7%	41.2%	42.3%	45.0%	40.1%	41.3%	44.3%	45.6%	43.3%	45.4%
Postsecondary	46.9%	49.5%	47.8%	44.7%	50.8%	48.8%	45.6%	44.1%	47.1%	44.8%
Other	9.5%	9.3%	9.9%	10.3%	9.0%	9.9%	10.1%	10.3%	9.7%	9.8%
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Note: Detail may not add to totals due to rounding.

Elementary and Secondary level includes Compensatory Education for the Disadvantaged, Impact Aid, School Improvement Programs, Chicago Litigation Settlement, Indian Education, Bilingual and Immigrant Education, Education for the Handicapped, Vocational and Adult Education.

Postsecondary level includes Special Institutions for the Handicapped, Student Financial Assistance, Guaranteed Student Loans, Higher Education, Howard University, Higher Education Facilities Loans, College Housing and Academic Facilities Loans, College Housing Loans, College Construction Loan Insurance, Receipts.

Other includes Rehabilitation Services and Handicapped Research, Research, Statistics and Improvement of Practice, Libraries, Program Administration, Civil Rights, Inspector General, Education and Research Overseas.

RESEARCH, DEVELOPMENT AND EVALUATION FUNDING--FY 1989-91

Mr. Natcher: Insert in the record at this point a consolidated table by account showing all spending for research, development, and evaluation for fiscal years 1989 to 1991.

Secretary Cavazos: The following table shows, by appropriation account, the amount of funding devoted to research, development, and evaluation activities for fiscal years 1989 through 1991.

Account	1989	1990	1991
Compensatory Education for the Disadvantaged........	$4,900,000	$5,800,000	$9,400,000
School Improvement Programs.................	3,900,000	6,000,000	6,700,000
Bilingual and Immigrant Education................	2,600,000	2,600,000	2,600,000
Education for the Handicapped..............	26,900,000	27,900,000	27,900,000
Rehabilitation Services and Handicapped Research.	54,500,000	58,100,000	56,600,000
Special Institutions for the Handicapped..........	4,600,000	5,100,000	5,800,000
Vocational and Adult Education................	15,400,000	16,400,000	9,100,000
Higher Education..........	1,900,000	2,400,000	2,500,000
Howard University.........	2,900,000	2,900,000	2,900,000
Research, Statistics and Improvement of Practice..	27,700,000	32,700,000	39,100,000
Libraries.................	300,000	300,000	300,000
Program Administration....	22,500,000	29,800,000	38,200,000
TOTAL	168,100,000	190,000,000	201,100,000

DEPARTMENT OF EDUCATION FUNDING--FY 1990-91

Mr. Natcher: Insert in the record at this time a table showing by account, 1990 funding, your original request to OMB for 1991 and the President's budget for 1991.

Secretary Cavazos: The requested information on fiscal year 1990 funding and the 1991 request is provided below.

DEPARTMENT OF EDUCATION ORIGINAL REQUEST TO OMB

(dollars in thousands) Account	1990 Appropriation	1991 Original Request to OMB	1991 President's Budget
Compensatory Education for the Disadvantaged	$5,318,361	$6,683,075	$5,838,939
Impact Aid	732,352	764,640	660,854
School Improvement Programs	1,446,741	1,635,501	1,704,916
Indian Education	73,620	78,884	75,762
Bilingual and Immigrant Education	188,674	222,733	205,537
Education for the Handicapped	2,055,255	2,275,769	2,137,421
Rehabilitation Services and Handicapped Research	1,780,212	1,882,563	1,839,073
Special Institutions for the Handicapped	109,376	118,137	117,979
Vocational and Adult Education	1,130,506	1,227,716	1,176,537
Student Financial Assistance	6,090,766	6,835,997	6,352,415
Guaranteed Student Loans	3,856,344	2,993,586	3,107,957
Higher Education	623,544	707,404	657,648
Howard University	182,446	207,907	185,446
Higher Education Facilities Loans and College Housing Loans	0	0	0
College Housing and Academic Facilities Loans	35,129	8,453	13,449
Receipts	(85,238)	(76,110)	(76,110)
Research, Statistics, and Improvement of Practice	95,241	130,226	174,726
Libraries	136,646	136,646	39,062
Program Administration	273,303	346,309	331,000
Civil Rights	44,572	51,402	49,900
Inspector General	23,110	27,348	25,800
Total, Budget Authority	24,110,960	26,258,186	24,618,311

EDUCATION CATEGORICAL FUNDING

Mr. Natcher: Roughly, how many categorical programs have been eliminated over the last decade and how many new ones have been created - excluding one-time type grants?

Secretary Cavazos: In 1980, there were about 150 categorical programs in the Department of Education. After a major consolidation, this number decreased to a low of 120 in 1982. However, since that time, the number has increased to 208 in 1990.

HIGH SCHOOL COMPLETION RATES

Mr. Natcher: Would you tell us what the high school completion rate is in this country today, how this is measured, and in general how this compares to other industrial nations?

Secretary Cavazos: Nationally, almost three-quarters of all 18 and 19 year olds have earned a high school diploma, completion certificate, or a General Educational Development certificate (GED). The proportion of high school completers increases to 84 percent for 20-24 year olds, indicating that many dropouts return to the classroom for their diploma or GED certificate.

Information on years of school completed are derived from two questions on the Current Population Survey (CPS) instrument. Formal reports entitled Educational Attainment in the United States are produced by the Census Bureau using March CPS results. These surveys ask a sample of respondents about the number of years of schooling completed--including GED completion--by household members. The survey findings are representative of the civilian noninstitutional population in the United States.

As in all sample surveys, the data are subject to sampling and non-sampling errors. In addition, some data indicate that respondents tend to overestimate the educational level of household members. This inaccuracy results from the respondent's lack of knowledge and their hesitancy to acknowledge anything less than a high school diploma.

Alternatively, the graduation rate figures compiled by the Department and released in the annual State Education Performance Charts, also known as the "Wall Charts," indicate that during the 1980's fewer than three-quarters of our ninth graders received a regular high school diploma within four years.

Since the educational systems of other industrialized nations are organized differently than that of the United States, the available data do not permit direct comparisons of graduation or completion rates. For example, the Organization for Economic Cooperation and Development (OECD) and the United Nations Educational, Scientific, and Cultural Organization (UNESCO) provide estimates of enrollments at various levels of schooling, but not completions, for other industrialized nations. However, even the available enrollment estimates are not directly comparable across countries.

ADULT LITERACY

Mr. Natcher: Would you tell us how many people in this country are truly "illiterate" in the way most citizens define that term and tell us who these people are? Also, if you will, tell us how many people you believe are "functionally" illiterate and how you define this term?

Secretary Cavazos: The most recent evidence on adult illiteracy in the U.S. comes from the 1982 English Language Proficiency Study. Findings from this study indicate that between 17 and 21 million adults, 13 percent of the U.S. adult population, are illiterate at a basic level.

The increase in the technological and information needs of our nation has resulted in a change in the traditional definition of illiteracy. Today's complex society demands skills above a basic level to function successfully as a member of the U.S. labor force. Although there is no precise definition of functional literacy, the working definition of functional literacy are those skills and knowledge needed to perform the reading, writing, and analytical tasks that workers in the U.S. economy are required to handle. There are no exact estimates of the number of functional illiterates. However, some experts have put the figure at 20-30 million, or even close to 40 million.

The Department is currently embarking on the National Assessment of Adult Literacy, mandated by P.L. 100-297, which will use a survey to estimate the number and describe the characteristics of illiterate adults in the United States. We think this study will help us learn more abour how to achieve the National Goal of having all adult Americans literate by the year 2000. Initial data from this survey will be available in 1993.

BILINGUAL EDUCATION

Mr. Roybal: For FY 1991, the President has requested $175.4 million for programs authorized under the Bilingual Education Act. Taking inflation into account, this is less than half the amount appropriated in FY 1980. Given the growth of the limited-English-proficient student population, why is the Administration's budget request for Title VII so low? In light of the President's Initiative on Hispanic Education, why hasn't the Administration sought a substantial increase in Title VII funding?

Secretary Cavazos: The Bilingual Education program is designed to assist local school districts in implementing programs to serve limited English proficient students, but not to provide long-term assistance for operating such programs. Section 7021(c)(2)(I) requires applicants to describe, in their applications, the activities they will undertake to "expand the capacity of the applicant to operate programs such as those assisted under this Act when Federal assistance under this section is no longer available." Since 1969, a total of $2.4 billion has been appropriated under the Bilingual Education Act, assisting hundreds of school districts to develop the capacity to operate such programs. The 1991 request represents a 10.6 percent increase over the 1990 appropriation, which is well above the inflation rate of the past year. Given the urgent need to reduce the size of the Federal deficit, I consider the 10.6 percent increase to be substantial.

BILINGUAL EDUCATION PERSONNEL

Mr. Roybal: School districts across the Nation report a critical shortage of bilingual educational personnel. In Los Angeles alone, there is a current shortage of more than 2,000 bilingual teachers. The shortage of bilingual education personnel hampers school effectiveness and harms language-minority students. Given this serious national problem, why has the President asked for level-funding for the Training programs authorized under Part C of the Bilingual Education Act?

Secretary Cavazos: As you know, local school districts funded under Part A may use grants to provide in-service training to educational personnel as well as to provide direct services to students. In 1989, successful applicants for new and continuation Part A grants estimated that they would spend 10 percent of their grant for training. Consequently, the Department's budget allocates the entire $16.9 million increase to Part A where funds can be used both for needed inservice training and direct provision of services to students.

The Department is currently reviewing the five activities funded under Part C to determine how they can be made more effective. In January 1990, OBEMLA hosted a forum on personnel needs attended by key superintendents from around the country as well as school district personnel directors and deans of schools of education. The purpose of this forum was to obtain the advice of these individuals on how we can improve training services under the Bilingual Education Act. Before we consider increasing the Part C request, I feel we should first review these training programs and attempt to make them more effective in meeting local needs for such staff. The Department has already begun to make changes in these programs in response to advice from forum participants.

DEVELOPMENTAL BILINGUAL EDUCATION

Roybal: Last year, the House-Senate Conference Committee on the Labor-HHS-Education appropriations bill earmarked $5 million for programs of developmental bilingual education. Why did the Department commit only $3 million of FY 1990 appropriations for this important program? Why does the Department propose to limit FY 1991 funding for developmental bilingual education programs to $3 million?

Secretary Cavazos: As you know, the primary purpose of the Bilingual Education program is to assist limited English proficient students to learn English and to meet grade promotion and graduation standards. In developmental projects, half the students are intended to be English speaking students learning the native language of the limited English proficient students. Consequently, the Department believes that such programs are not as central to the primary purpose of the Bilingual Education Act as are transitional bilingual education and special alternative instruction programs. Nonetheless, the Department believes that developmental bilingual education programs should be funded at a level sufficient to give this alternative a real test. The estimated 17 projects to be funded in 1990 and continued in 1991 will be closely monitored so that we can learn more about their effectiveness in assisting limited English proficient students.

Mr. Roybal: The budget justification for the International Education and Foreign Language Studies states that "The economic well-being and national security of the United States depends largely on our ability to understand and communicate with other nations and peoples," and "The United States remains one of the few countries where students may graduate from a university without studying a foreign language throughout their formal education." At the same time, the Department continues to emphasize transitional bilingual programs over developmental programs which expose native speakers of English to a foreign language. How can you rationalize these two obviously contradictory positions in your budget?

Secretary Cavazos: As I have said on a number of occasions, I strongly believe that all students should learn a foreign language. However, the purpose of the Bilingual Education Act is to teach English to limited English proficient students and help them meet grade promotion and graduation standards. If we complicate the mission of programs under the Bilingual Education Act to also address teaching foreign languages, we risk making them less effective in accomplishing their primary purpose.

BILINGUAL FELLOWSHIPS

Mr. Roybal: The law authorizing Title VII calls for the funding of at least 500 graduate study fellowships in bilingual education each year. How many fellowships were awarded last year?

Secretary Cavazos: Fiscal year 1989 appropriations language barred the Department from making any fellowship awards. Appropriations language for 1990 directs the Department to fund no more than 200 fellowships.

Mr. Roybal: How many fellowships would be awarded under the FY 1991 budget request?

Secretary Cavazos: The Department has requested funds for 300 fellowships in fiscal year 1991.

Mr. Roybal: What would be required for the Department to fund at least 500 graduate fellowships?

Secretary Cavazos: The authorizing statute requires the Department to make 500 fellowship awards, unless the appropriations language specifies a different number of fellowship awards to be made in 1991.

BILINGUAL EDUCATION: SPECIAL COMPETITION

Mr. Roybal: In the past, the Federal Government has provided help to school districts enrolling newcomers to our society through the Immigrant and Refugee Education programs. The Administration's budget request seeks no additional funding for Immigration education; nor does it seek to reinstate the Refugee education program. The Department's budget request for Title VII notes that $12 million would be set aside for "a special competition limited to school districts experiencing a recent, major influx of limited English proficient children." I presume that these children would be classified as either immigrant or refugee students, would they not?

Secretary Cavazos: The Department intends to publish a priority notice for this competition limiting participants to local school districts experiencing a recent, major influx of limited English proficient students. We do not intend to mention immigration status in that notice. Nonetheless, we expect many school districts to qualify on the basis of recently arrived immigrant and refugee students.

Mr. Roybal: Has the Department chosen to use Title VII which was designed for both foreign and native-born students as the vehicle for helping these school districts rather than Immigrant or Refugee programs?

Secretary Cavazos: The Refugee Act, which authorized the Refugee Education program, has expired. Consequently, the Congress made no appropriation for this program in 1990. The Emergency Immigrant Education program, authorized through 1993, allows school districts to use grants as general aid and does not require any specific instructional program. Consequently, the Department believes that requesting these funds under the Bilingual Education Act is more likely to benefit students educationally.

Mr. Roybal: How many school districts would be eligible for this competition, how many limited English proficient children are involved, and how did the Department arrive at the $12 million figure?

Secretary Cavazos: The Department has just begun to consider criteria to be included in the priority notice and cannot yet estimate the number of school districts or students that would be involved. In requesting $12 million for this special competition, the Department intended to set aside a sum large enough to provide significant assistance to heavily affected school districts, but not so much as to divert funds from other high priority educational programs within the Department.

IMPACT OF FY 1991 PROPOSALS FOR THE SSIG AND PERKINS LOAN PROGRAMS

Mr. Roybal: The Administration's budget proposes to eliminate the State Student Incentive Grant (SSIG) program and Federal capital contributions for the Perkins Loan program. How many fewer students will be able to participate in each of these programs because of the budget proposal?

Secretary Cavazos: Our proposals to zero-fund the SSIG program and Federal capital contributions for the Perkins Loan program would result in 306,000 fewer awards to students under these programs in fiscal year 1991 than in fiscal year 1990: a reduction of 197,000 under SSIG and 109,000 under the Perkins Loan program. However, since State support of need-based financial assistance to students has increased significantly in recent years regardless of the level of Federal support, we estimate that most of the 197,000 students currently being supported under SSIG would continue to receive assistance under the same State programs through which SSIG funds have been provided in the past.

Mr. Roybal: How do you plan to address the financial needs of the financially needy students?

Secretary Cavazos: Our 1991 proposal for the Title IV student aid programs would provide some $18 billion in financial assistance for approximately 5.9 million students--about the same as this year. These figures do not reflect the assistance that students will continue to receive from the State need-based grant programs through which Federal and State SSIG funds are currently provided. These State-level programs provided over $1.5 billion in grant aid in 1988-89, and they have continued to increase their support of needy students each year regardless of Federal SSIG appropriation levels. Our student aid budget proposal for fiscal year 1991 maintains postsecondary access for needy students through a combination of programs and includes Pell Grant assistance to 175,000 more students in 1991 than in 1990.

STATE SUPPORT OF STATE STUDENT INCENTIVE GRANTS

Mr. Roybal: As Federal participation has declined, how many States have had to increase their participation in the State Student Incentive Grant program to meet increasing demand or to assist those students already in the program?

Secretary Cavazos: During the last 5 years, 41 States have increased their support for needy students through a variety of need-based student grant programs, a number of which are not considered part of the Federal SSIG effort. States have increased their support for needy students each year regardless of Federal SSIG appropriation levels.

During these 5 years, Federal appropriations for the SSIG program declined just 4 percent, from $76.0 million to $72.8 million. Yet, State expenditures for need-based student grants increased 33 percent, from $1.095 billion in 1984-85 to $1.461 billion in 1988-89. As the following chart illustrates, State decisions to increase their expenditures for these grants to needy students do not seem to be related to changes in Federal SSIG appropriations.

	Annual Percentage Changes in Expenditures	
Academic Year	Federal SSIG Funding	State Expenditures for Need-based Student Grants
1985-86	level funding	+8%
1986-87	-4%	+14%
1987-88	-4%	+4%
1988-89	-4%	+8%

Mr. Roybal: Please provide a list of the participating States showing the number of students served by the SSIG program for the past 5 years.

Secretary Cavazos: The following table shows the number of students served by SSIG programs in 55 eligible jurisdictions for the last 3 years. (Earlier data are not readily available.) The numbers of recipients shown represent less than 20 percent of the total number of grants awarded under State need-based student aid programs.

REDUCTIONS IN STUDENT AID

Mr. Roybal: It is now accepted fact that if we are to meet the labor demands of this country in the years to come, we need to invest heavily in education programs to train minorities, specifically Blacks and Hispanics, who are also among the most financially needy students. The Administration's budget proposes further cut backs in student financial aid effectively closing the door to a college education to many of these high-ability students. On what basis can you justify this reduction in student financial aid?

Secretary Cavazos: While the fiscal year 1991 Budget Request seeks a student aid funding level which is less than the fiscal year 1990 appropriation, this is due largely to the estimated decreased costs of the Guaranteed Student Loan program. Costs in this program are closely tied to interest rates which are projected to decline. The amount of student loan guarantees is projected to increase, however.

AID AVAILABILITY UNDER THE FY 1991 REQUEST

The Department of Education must share in the Nation's effort to reduce annual Federal budget deficits, and yet the Department's requested 6 percent increase for discretionary programs is a larger increase than that requested by any other Federal agency. In the fiscal year 1991 Budget, certain postsecondary programs which are targeted on the neediest students and on minorities, such as the TRIO programs and endowment grants for Historically Black Colleges and Universities, have been proposed for significant increases. Also, the request for the Pell Grant program fully funds the shortfalls from 1989 and 1990 and restores eligibility and Pell grant aid for part-time students. Overall, the aid made available to students through the fiscal year 1991 Budget Request would be about equal to the aid available in 1990.

Mr. Roybal: What advice would you give to parents of these students when they are not able to get a college education due to a lack of financial support?

Secretary Cavazos: I do not believe that any student will be unable to receive a college education due to a lack of Federal financial support. However, I realize that students and parents have a difficult time affording a college education. The Department will provide over $18 billion in support for the neediest students in fiscal year 1991. I would hope that schools would join the Department in its goal of removing financial barriers to postsecondary education for needy students through a variety of measures, such as constraining their annual tuition increases.

Mr. Roybal: As the Secretary of Education to the President who says he is the "Education President," what advice would you give him as to the role of the Federal Government in addressing the higher education needs of high-ability financially needy students?

Secretary Cavazos: I have told him that we must focus our efforts especially on needy students and that we must emphasize excellence in academic performance. We must do what we can to graduate minority students from high school, provide them access to postsecondary education and help them complete that education. While President Bush knows, and I know, that these problems will not be solved solely by money, our budget request does address these issues in a number of ways (for example, through increased funding for the Graduate Assistance in Areas of National Needs program) as does the President's proposed Excellence in Education Act (for example, through creation of a National Science Scholars program).

RATIONALE FOR ZERO-FUNDING CERTAIN HIGHER EDUCATION PROGRAMS

Mr. Roybal: The budget proposal has eliminated a number of programs within the higher education account on the sole basis that these programs duplicated the goals of other programs. In those instances where you have eliminated a program such as the Innovative Projects for Community Services because it is duplicated in the Work-Study and Perkins Loans programs, why have you not increased the budget of the duplicated programs accordingly, since the students in the eliminated programs would now have to apply and be served by those programs?

Secretary Cavazos: The Administration has requested no funds for a variety of higher education account programs for a number of reasons. Innovative Projects for Community Services is not a student aid program. It provides Administrative funds to demonstration projects to determine the feasibility of encouraging student participation in community service projects in exchange for educational services or financial assistance in order to reduce debt burden. We are requesting no funds for Innovative Projects because this concept is already adequately demonstrated by Perkins Loans and Work-Study. We are not requesting increased funding for these latter programs as a result of zero-funding Innovative Projects since the level of student aid is not reduced by our zero-funding request.

Cooperative Education and Law School Clinical Experience are also demonstration projects. The concepts of both cooperative education and clinical experience have been demonstrated successfully and accepted by institutions, many of whom now use institutional and/or private sector funds to support these activities. As in the case of Innovative Services, zero-funding of these two programs would not result in decreased student aid or in the activities supported by the two programs.

We are requesting no funds for Veterans' Education Outreach since this program has outlived its original purpose of assisting higher education tutoring and counseling programs that respond to the special educational needs of large numbers of enrolled Vietnam-era veterans. The number of enrolled veterans has dropped significantly. Moreover the needs of these student veterans can be met by other existing Federal programs including Upward Bound Student Support Services, and other TRIO programs, as well as numerous activities supported by the Department of Veteran Affairs. While we also argue that the decreased number of student veterans can be supported by other existing Federal programs, we see no need to increase such programs to reflect a decrease in Veterans' Education Outreach since this program actually provides very limited support--less than $5,300 per institution served.

INTERNATIONAL COMPARISON OF ELEMENTARY/SECONDARY FUNDING

Mr. Roybal: You have stated in the past that more money is not needed to resolve the education crisis this country is facing. The United States presently ranks 14th in spending for grades K-12 among 16 industrialized nations. The FY 1991 budget request for elementary, secondary, and vocational education reflects only a 2 percent increase which is half of the expected rate of inflation, which in fact means a 2 percent reduction. Given the level of investment in our elementary and secondary education, how we are going to prepare our students for the competition we are sure to face from other industrialized countries?

Secretary Cavazos: First, I must correct your premise that the United States ranks 14th in spending for elementary and secondary education. This "finding" was reported recently by the Economic Policy Institute (EPI), and I am very concerned because the controversy over the EPI report is deflecting us from important debate on how to ensure that our education dollars are well spent.

ECONOMIC POLICY INSTITUTE FUNDING STUDY

There are some serious methodological problems with the EPI report. The measure used by EPI, education expenditures divided by gross domestic product, is not appropriate for comparing education expenditures across nations. A better measure is to take each country's expenditures on education per pupil and compare them using a price adjustment index. While it is generally agreed that exchange rates are not a good index, an appropriate alternative is purchasing power parities, used by European nations and by the Organization for Economic Cooperation and Development in comparing a variety of economic data. When we use that index to equate expenditures, we find that the U.S. ranks near the top among advanced nations in the amount we spend per pupil in elementary and secondary schools.

RELATIONSHIP OF FUNDING TO RESULTS

To address the second and more important part of your question, the point I have repeatedly made since becoming Secretary is that we will never improve education in this country unless we pay at least as much attention to how we are spending our resources as we do to how much we are spending.

Research consistently shows no relationship between education spending and student achievement. In fact, as aggregate elementary and secondary education spending in the U.S. rose by 27 percent (after adjusting for inflation) from 1980 to 1988, scores on national reading and writing tests remained virtually unchanged.

STEPS TO REFORM AND RESTRUCTURING OF EDUCATION

Research and the experience of educators, parents, and students point us in the right direction of educational reform and restructuring. We will improve American education by:

- -- setting goals that focus on outcomes, not inputs like the level of funding;
- -- allowing schools flexibility in implementing strategies that work best with their particular school populations;
- -- breaking through rigid requirements that limit the ability of schools to hire the teachers they need, such as elaborate teacher credentialing or requiring standard wages for all teachers no matter what the specialty;
- -- providing choice among schools for parents -- especially poor parents who cannot afford to move to a different neighborhood to find the right school for their children;
- -- conducting research and evaluation and collecting statistics that will provide guidance on what works in education and help measure progress toward meeting our goals.

BUDGET INCREASE FOR ELEMENTARY/SECONDARY EDUCATION

The Department's 1991 budget requests a total of $24.6 billion, with well over half going to elementary and secondary education programs. In point of fact the proposed increase for elementary and secondary (including bilingual) programs is 9.4 percent. Within the budget, increases totalling about $1.8 billion have been allocated to high-priority areas and new initiatives, including increases for research, evaluation, and educational improvement. Funds are included to support the agreements reached at the Education Summit; programs to help reduce dropout rates and provide preschool education for children in disadvantaged families; math and science education improvement; drug education programs; and adult education--all of which will help us achieve the national goals recently set by the President and the governors.

I am proud of the changes reflected in this budget. The debate stimulated by EPI over international expenditures only serves to distract all of us who are concerned about education from the real issue -- education reform that improves student outcomes.

BILINGUAL VOCATIONAL EDUCATION REAUTHORIZATION

Mr. Roybal: The FY 1991 budget request does not include funds for bilingual vocational education. Do you plan to ask for a supplemental after the authorizing legislation is enacted? If not, how do you plan to fund the program year which begins July 1, 1991?

Secretary Cavazos: The reauthorization of the Carl D. Perkins Vocational Education Act, which authorizes bilingual vocational education, will likely not be completed until sometime this spring. Because the final shape of the new legislation is still uncertain, the Administration has not specified amounts to be requested for individual vocational education activities. As soon as reauthorization of the Perkins Act is completed, we will transmit a request for specific vocational education programs, including bilingual vocational education.

ENROLLMENT TRENDS FOR BLACKS AND HISPANICS

Mr. Roybal: Recent data has shown that enrollment by Blacks and Hispanics in college has actually declined. How does your budget address this problem?

Secretary Cavazos: Census data for the past 10 years (1978 to 1988) reveal much cause for concern regarding recent trends in college enrollment for Black and Hispanic students.

- o Black enrollment declined slightly between 1978 and 1988, from 29.5 percent to 28.1 percent. It remains substantially below the college participation rate for white students (38.1 percent). Although enrollment rates for Black females increased slightly (from 28.2 percent to 30.5 percent), the participation rate for Black males dropped sharply, from 31.9 in 1978 to 25.0 in 1988.

- o College participation rates for Hispanic students increased slightly between 1978 and 1988 (from 27.2 percent to 30.9 percent) but continue to lag behind the enrollment rate for white students (38.1 percent).

Increasing the number of minority and disadvantaged students enrolling in postsecondary education--and improving their chances for success once they are enrolled--is one of the Administration's most important educational goals. The 1991 budget reflects this priority by providing funding for the continuum of programs from preschool through graduate education that provide support for minority and disadvantaged students. For example:

- o Major increases in programs like Chapter 1 and Even Start are designed to ensure that minority and disadvantaged children enter the education "pipeline" fully prepared and equipped to succeed.

- o Because minority students (especially Hispanics) are at risk of dropping out before completing high school, the 1991 budget provides increased funding at the elementary and secondary levels for a wide variety of programs to attack the dropout problem.

All these support programs at the preschool, elementary, and secondary levels have one main goal--to produce a large, well-prepared pool of minority applicants ready to enroll in (and succeed in) college.

The 1991 budget requests significant increases for all postsecondary education programs servicing disadvantaged populations. This is expected to have a positive effect on minority enrollments in institutions at both the baccalaureate and post-baccalaureate levels.

Undergraduate--Increased funds are requested for Historically Black Colleges and Universities (HBCUs) (Title III), Special Programs for the Disadvantaged (TRIO), and the Minority Science Improvement Program (MSIP).

- The requested increase for Endowments under Title III of the Higher Education Act reflects the President's continuing commitment to HBCUs, by including a $15 million set-aside for these schools, a $10 million increase over 1990. The request would encourage HBCUs and other institutions serving large numbers of disadvantaged students to build their endowment funds and thereby achieve financial stability and self-sufficiency.

- The 10-percent increase in TRIO funding would support projects designed to promote access to and persistence in postsecondary education for individuals from disadvantaged backgrounds.

- The President is also requesting an increase in funding for the Minority Science Improvement Program (MSIP), which provides grants to strengthen science and mathematics instruction at institutions enrolling large numbers of minority students.

- The Student Literacy Corps and School, College and University Partnership (SCUP) programs, are maintained at their 1990 levels. The Student Literacy Corps program supports literacy tutoring services at public community agencies serving educationally or economically disadvantaged individuals. SCUP helps low-income students enhance their postsecondary education or employment opportunities by improving their academic skills.

- The 1991 student financial aid request will generate over $18 billion in aid to students--approximately the same level as in 1990. Almost 9.9 million awards will be made to almost 5.9 million needy students, many of whom are minorities. In particular, the aid available to Pell Grants, the largest and most need-targeted Federal student aid program, would be increased by $126 million, excluding funds requested to meet prior year shortfalls. The Pell Grant program is the major source of grant aid for minorities and forms the foundation of all aid for economically disadvantaged students.

Graduate--To improve access to graduate education for minority and disadvantaged students, the President is requesting increased funding for three graduate programs.

- One of these--the Patricia Roberts Harris Graduate Fellowships program--assists needy minority students and individuals from traditionally underrepresented groups to pursue advanced degrees. We are requesting an 11-percent increase for this program.

- A substantial 72 percent increase is requested for the Minority Participation in Graduate Education program. This program provides important need-based financial support for talented minority students to assist them in preparing for graduate study. It helps increase graduate school enrollment of minority students.

- Finally, funding for Graduate Assistance in Areas of National Need, which assists students in preparing for careers in areas of national need, would be increased by 61 percent. Fellowship recipients must be from traditionally underrepresented background.

HISPANIC EDUCATION TASK FORCE

Hispanic Education--In early December, the President directed me to form a Task Force on Hispanic Education to focus on the particular problems of Hispanic students. The Task force is composed of representatives from the Departments of Education, Defense, Interior, Labor, Health and Human Services, and Agriculture as well as Cabinet Affairs and the Office of Management and Budget. The Task Force met for the first time on January 18, 1990 and will report to the President through the Domestic Policy Council and its Education Working Group.

The Task Force will assess the participation of Hispanics in Federal education programs, will identify barriers that may limit Hispanic participation in education programs and suggest remedies, and will recommend goals and strategies for the education of Hispanics.

DROPOUT INITIATIVE

Mr. Roybal: Hispanics have a higher dropout rate than any other group in our educational system. How will your dropout initiative specifically address the Hispanic dropout rate?

Secretary Cavazos: We hope to fund a number of programs that will specifically address the severe dropout problems being experienced by school districts that enroll large numbers of Hispanic children. Grants will be awarded on a competitive basis to applicants proposing the most promising approaches to dealing with these problems. A survey of our current (1988-1989) dropout prevention projects shows that of the 75 grantees reporting, Hispanic students account for 19 percent of all the participants being served. Increasing the high school graduation rate to 90% and eliminating the gap between the graduation rates of minority and non-minority students is one of the most crucial objectives set by the President and the Governors.

PRESIDENT'S EDUCATIONAL GOALS

Mr. Roybal: The President has outlined a series of educational goals to be attained by the year 2000. What specific and concrete initiatives are you proposing to address each of these goals? What is the timeline for each of these initiatives?

Secretary Cavazos: We have identified those parts of our budget that will help achieve the President's six goals, announced in his State of the Union message, and have included an analysis for the record of the goals and the supporting Department's programs. The six goals address: 1) Readiness for School; 2) High School Completion; 3) Student Achievement; 4) Science and Mathematics; 5) Literacy and Life-Long Learning; and 6) Safe, Disciplined and Drug-Free Schools. The amounts and activities identified in our analysis are illustrative of the commitment in our Department's budget toward achieving these national goals. For example, our budget includes approximately $7.8 billion that is supportive of the High School Completion goal and over $450 million that is supportive of the Student Achievement goal.

In addition, we will be assessing periodically the Nation's progress in reaching the goals. Also, we expect that the States will be developing their own strategies. An important element in all of this will be allowing greater flexibility in the use of Federal and State education monies -- in exchange for greater accountability. Greater flexibility, choice, and restructuring of the way we educate our children -- all of these will be important ingredients in helping us make better use of our education dollars and in achieving the goals the President has set.

HEAD START

Mr. Roybal: What coordinated effort does your Department have or plan with the Department of Health and Human Services to implement the Head Start program? How much money in your budget is directed towards this effort, and in what areas?

Secretary Cavazos: The Department of Education does not participate in the implementation of the Head Start program. However, we are conducting several studies on child care and early childhood education, and in all cases we are closely coordinating our efforts with the Department of Health and Human Services. In one case this coordination involves an interagency agreement and transfer of $100,000 to HHS for analysis of supply and demand data on the provision of child care services being collected by both Departments. The Department of Education's activities, totalling about $4 million, include studies on: "A Profile of Child Care Settings," "Retaining the Benefits of Preschool for Disadvantaged Children," "Before and After School Care Programs," and "Observations of Preschool Education and Care for Disadvantaged Children." In addition, our Even Start program has involved Head Start staff from HHS in such activities as reviewing regulations and evaluating applications. Working closely with the Department of Health and Human Services, we at Education are determined to do all we can to achieve the national goal of having all children ready to learn when they enter school in the year 2000.

TEACHER EDUCATION

Mr. Roybal: It is estimated that by the year 2000, 38 percent of the children under 18 years will be minorities while the minority teaching force in the elementary and secondary schools will be reduced to less than 5 percent. How does your budget address the issue of training more minority teachers?

Mr. Cavazos: Our 199 budget request includes funding for several programs that address the issue of training more minority teachers. The Eisenhower Mathematics and Science Education State Grants program, includes a specific authorization for school districts to use funds available for elementary and secondary programs to recruit or retrain minority teachers to become science and math teachers. For 1991, the Department is requesting a $94 million (74 percent) increase in the Eisenhower program.

An estimated $45 million will be spent in 1991 for training programs under the Bilingual Education Act. While no data are collected on the race and ethnicity of participants, the majority are believed to be from language minority groups.

The Department is requesting $49 million, an increase of almost $14 million, for programs to improve accessability and encourage minority participation in graduate programs through Harris Graduate Fellowships, Minority Participation in Graduate Education, and Graduate Assistance in Areas of National Need.

The Education for Handicapped Personnel Development program has supported a priority to train personnel to serve minorities and other special populations. While the reauthorization for this program is still pending, it is expected that the reauthorizing legislation will place additional emphasis on training personnel to serve minorities, and on the training of minority personnel.

Further, projects to increase the number and quality of minority teachers are specifically authorized under the Fund for the Improvement and Reform of Schools and Teaching.

In addition, the Department is currently reviewing Title V of the Higher Education Act, "Educator Recruitment, Retention, and Development," so that we can offer timely and substantive guidance during the reauthorization of that Act.

Mr. Roybal: I am aware that several institutions for higher education have signed a Memorandum of Understanding to create a consortium for minorities in teaching careers. These institutions include two and four year colleges, a research institution, historically Black colleges and institutions serving large numbers of Black and Hispanic students: The consortium has pledged to: a) expand the pool of minority students entering teaching career in all fields through precollege identification and university-based enrichment programs; b) enhance the number and preparations of minority students in education majors in college and the number of minority students pursuing graduate studies in Education, through broad programs to: 1) improve curricula at schools of Education; 2) create new graduate opportunities; 3) increase articulation between two and four year colleges, and; 4) develop model enrichment programs and projects for education majors; c) improve the preparation of in-service minority teachers through formal and informal education programs involving strong college/school collaborations. This alliance of universities appears to be a fresh idea to solving a difficult problem. Are you aware of this Consortium for minorities in teaching careers?

Secretary Cavazos: Yes, the Department is aware of this consortium for minorities in teaching careers.

Mr. Roybal: Is this type of initiative which the Department can include in its efforts to increase minority teachers?

Secretary Cavazos: The Department is in the process of reviewing various issues, problems, and policy options affecting teacher recruitment, retention, and development, including the issue of increasing the number of qualified minority teachers. This review will form the basis for the Department's reauthorization proposal for Title V of the Higher Education Act. We believe that efforts like the Consortium warrant consideration in the reauthorization process.

SUMMIT FOLLOW-UP

Mr. Stokes: You are seeking $20 million to follow-up on the agreements reached at last year's education summit with the governors. Could you tell us specifically what you would do with $20 million?

Secretary Cavazos: The role of the Office of Educational Research and Improvement in the Nation's efforts to attain the education goals is:

- To provide and report data that can assist those who will monitor progress toward achieving the education goals; and
- To inform educators, policymakers and the public about effective policies and practices in achieving the education goals.

The Education Summit Follow-Up funds will support activities to gauge progress. Where existing surveys are relevant to the goals, they will be used as is, modified, or redirected (e.g., the National Assessment of Educational Progress). In many of the goal areas, however, OERI will need to design new, quality data collection systems (e.g., in the area of measuring school readiness). For these goal areas, activities that precede actual data collection include:

- Assessing the strengths and weaknesses of measures based on the present state of knowledge in the relevant fields;
- Developing alternative measurement techniques and metrics; and
- Pretesting survey instruments, procedures, and methodologies.

The Education Summit Follow-Up funds will also support activities to assist in achievement of the education goals, such as:

- Conducting and supporting research and development work on how to achieve the goals;
- Informing educators, policymakers, and the public about the results of research and practice that can contribute to achieving the goals; and
- Providing technical assistance to States and localities as they develop and implement policies and practices to achieve the national goals.

At this stage in our planning, we estimate that as much as three-quarters of the funds could be used to support various research and data collection activities connected to measurement and monitoring of progress toward the national education goals. The remaining funds would be used to support other aspects of Summit follow-up related to school restructuring and enhanced regulatory flexibility.

OERI is in the process of holding discussions with the Departments of Labor, Health and Human Services, Commerce, and Agriculture to incorporate their pertinent, ongoing and planned activities into monitoring progress on the goals. Also, the President and the Governors have agreed on the need for a bipartisan group to oversee the process of determining and developing appropriate measurements and reporting on the progress toward meeting the goals. We will need to consult with that group and the Governors to determine what data are needed.

Upon completion of a detailed plan for activities related to the Summit agreement, more detailed information will be made available to members of this Committee.

FUNDING FOR TITLE III, PART B

Mr. Stokes: Your budget request provides $83.9 million for Title III, Part B--Strengthening Historically Black Colleges and Universities. This amount is the same as the amount appropriated in the FY 1990 budget. Why didn't you request an increase for inflation? Why is this program an exception to your budget summary narrative, which states that the Department is including significant increases for programs providing assistance and services to those most in need--the disadvantaged, the handicapped, minorities, and needy college students?

Secretary Cavazos: The 1991 funding request for historically black college and universities under Title III is $110 million. This is a $10 million increase over the 1990 level for HBCUs and represents over 50 percent of the total Title III request. Because of the demonstrated long-term benefits to HBCUs of endowment building, 1991 increases in Title III HBCU funding were focused on Part C, Endowment Grants, rather than on the Part B, Strengthening Historically Black Colleges and Universities formula grant program.

PART C, ENDOWMENT GRANTS INITIATIVE

The 1991 request includes a major new initiative to strengthen the endowment funds of HBCUs. The amounts of $5 million in FY 1990, $15 million in FY 1991, and $20 million in FY 1992 would be reserved for HBCUs under the Part C Endowment Grants program. In this program, the contribution of an HBCU to its endowment fund would be matched dollar for dollar by the Federal Government.

I would like to highlight several advantages of our endowment-building approach:

- Many of the HBCUs have very low endowments, and are thus financially weaker than comparable institutions.

- Endowment building is an effective way to create financial strength and long-term financial security for HBCUs.

- Many HBCUs are able to use their endowment income as they would Part B funds, to improve academic programs as well as administrative management.

- The Endowment Grant program is designed to stimulate HBCUs to launch new fundraising campaigns. For years, HBCUs have sought, and demonstrated that they could utilize, more Federal funds than have been available.

Mr. Stokes: You are requesting $15 million to implement the Endowment Grant set-aside program for HBCUs. This is the only increase for HBCUs in the President's budget. However, the legislation needed to authorize the funding of this program, "The Excellence in Education Act" (S-693), is still pending before Congress. Therefore, there would be no increase for HBCU's unless the legislation is passed. Isn't this correct?

Secretary Cavazos: S. 695 has already been passed by the Senate. The Department is confident that the House will pass the legislation shortly.

However, should S. 695 not be enacted promptly into law, the proposed $15 million HBCU set-aside would be added to the general 1991 Endowment appropriation, bringing the total up to $33 million. These funds would be available on a competitive basis to all Title III eligible institutions, including HBCUs.

Mr. Stokes: The HBCU endowment program, as envisioned by the administration, would be located in Part C of Title III, which authorizes endowment grants, although not specifically to HBCU's. Part B of this title specifically relates to HBCU's. Part B of this title specifically relates to HBCU's. Why did the administration request funding for this program in Part C and not Part B?

Secretary Cavazos: The Department located the new HBCU Endowment Grant set-aside in Part C rather than in Part B of Title III because Part C contains the necessary statutory and regulatory provisions. Title III, Part B is a formula grant program for HBCUs, designed to help them improve their programs and management and thus enhance educational opportunities for their students. Neither the Part B statute nor the regulations contains the selection procedures, matching provisions, and other requirements necessary to administer an Endowment Grant program such as that proposed in the 1991 budget.

Title III, Part C--Endowment Grants, has such provisions already in place. All current Title III, Part C provisions, except the eligibility requirements, would apply to the new HBCU set-aside.

NATIONAL ASSESSMENT

Mr. Stokes: The assessment line item in your research and statistics account will double from the FY 1989 level, if the President's budget is appropriated. This reflects the growth of the National Assessment of Educational Progress (NAEP) which seeks to assess achievement of students at grades 4, 8, and 12 in various skills and subjects. Recently this committee agreed to reprogram an additional $2.3 million from the National Center for Education Statistics into NAEP for fiscal year 1990. I have some concerns about NAEP. Is this standardized test an accurate measure of educational performance, especially for minorities? How are disadvantaged students helped by this type of testing? Has there been an evaluation of NAEP? Isn't NAEP telling us what we already know? Why should we keep expanding this measurement of outcome? Wouldn't it be better to focus resources on interventions to prevent these outcomes?

Secretary Cavazos: Your questions are interrelated, and I'd like to provide a single response. NAEP has most recently been evaluated in 1987-88 by a Technical Review Panel of testing experts convened by the Department of Education. They were asked to examine the 1986 reading anomaly, the accuracy of NAEP trends, and issues related to providing State-level NAEP comparisons. In their report, the Technical Review Panel concluded that "...NAEP was established to serve as the most accurate barometer of achievement for America's young people. Despite its imperfections, we believe that it has and will continue to serve this function better than college entrance examination scores."

There were other evaluations of NAEP in 1972, 1974, 1975, 1982 and 1987, as well as continuing technical advice sought from experts. While these have dealt with various topics -- some emphasizing policy questions and others predominantly addressing technical matters -- the central advice has been consistent with that of the Technical Review Panel.

With regard to your question about the utility of NAEP for helping disadvantaged students, I should point out that, over the years, NAEP has been able to track the sizable gap in performance between white and minority students. Over the past few assessments, particularly in reading, this gap has been narrowing. In other words, minority students have made significant gains in reading. By focusing attention on the relative performance of different student groups, including minorities and other disadvantaged students, NAEP provides an impetus for educational policymakers to make decisions about how to reduce the gap.

The purpose of a survey like NAEP is to measure scientifically the differences in performance among groups and to focus accurately on the subject areas in which gaps exist and on the subject areas in which progress is being made. Without a national, scientific measure of student performance, we have isolated bits of information, which do not provide a "national" picture of what our students know and can do. NAEP allows us to focus on where the problems are and wisely allocate resources to improve outcomes.

Mr. Stokes: Two programs that lost funds to NAEP in FY 1990 are the Adult Literacy Study and the National Educational Longitudinal Study. Are funds included in the FY 1991 request to make up for this reprogramming?

Secretary Cavazos: Funds are included in the 1991 request for this purpose.

EDUCATION THAT WORKS: AN ACTION PLAN FOR THE EDUCATION OF MINORITIES

Mr. Stokes: Are you familiar with the recent report, "Education that Works: An Action Plan for the Education of Minorities?" It was issued this past January by the Quality Education for Minorities Project. Can you comment generally on its findings and recommendations? Will the Department explore ways to implement its recommendations to the Federal Government?

Secretary Cavazos: It was with much interest that I read the Quality Education for Minorities Project's recent report, "Education that Works: An Action Plan for the Education of Minorities." The overarching objective of this report is to improve minority education, and to this end, its authors have set forth six goals they view as cornerstones to improving education for minority students. These include:

- Students should start school prepared to learn;
- Upon graduation from high school, minority students should be able to enter the workforce and college fully prepared to be successful and not in need of remediation;
- Increase the participation of minority students in higher education, with a special emphasis on the study of mathematics, science, and engineering;
- Strengthen and increase the number of teachers of minority students;
- Strengthen the school-to-work transition; and
- Provide quality out-of-school education experiences.

PROGRAMS SUPPORTING MINORITY AND DISADVANTAGED STUDENTS EDUCATION

I am very pleased that many of these goals are strikingly similar to the challenges embraced by President Bush. As the "Education President", President Bush is committed to ensuring that all of our nation's children receive a quality education. And while much of the agenda must be implemented at the State and local levels, the Federal Government can act as a catalyst for excellence in education.

Many of President Bush's ideas and initiatives focus on improving education for disadvantaged students, who often are also minority students. The President has spoken out forcefully on the need to improve educational opportunities for these students. The Department of Education supports a long list of activities and programs, some which have been in existence for many years and others which have been implemented under President Bush's Administration, which address many of the concerns raised in "Education That Works." Departmental activities which support improved education for minority and disadvantaged students include:

- The Department's Bilingual Education Program which supports instructional programs for students with limited English proficiency and provides training and technical assistance to bilingual education service providers.
- The Department's support of services to Indian children and adults through the Indian Education Act Grants Program, with proposed funding of approximately $75 million in 1991.
- Chapter 1 Basic and State-administered programs, totalling nearly $5 billion in 1991, a proposed increase of almost $4 million over the FY 1990 level. Minority children comprise the largest enrollment within Chapter 1 programs.

- o Initiation of the national longitudinal study of the impact of Chapter 1 compensatory education program on school progress and later lives of program participants. This multi-year national study will examine how Chapter 1 contributes to improved school performance and social outcomes for disadvantaged students.
- o Approximately $24 million in 1990 grant awards provided under the Even Start program. Even Start is designed to improve educational opportunities for children and adults through integrating early childhood and adult education for parents. In FY 1991, the Department is proposing to double the budget for Even Start to $48 million.
- o The national evaluation of the elementary-secondary Dropout Prevention and Reentry Program to determine which strategies are most effective and to disseminate this information to the field. For the FY 1991 budget, the Department is proposing to fund this program at $45 million.
- o Providing additional funds to historically Black colleges and universities to increase their financial strength and long-term financial security.
- o The Department's Pell Grant program which provides grants to low-income students to pursue undergraduate postsecondary education.
- o The evaluation of Special Programs for Disadvantaged Students which are designed to provide help to economically disadvantaged students to achieve success at the postsecondary level.

JOB OPPORTUNITIES - BASIC SKILLS INTERAGENCY AGREEMENT

While the President's 1991 budget called for an increase in educational spending, we know that money is not the entire answer to education; innovative and workable ideas are. For example, the Department has signed an interagency agreement with the Secretaries of Health and Human Services and Labor to help States and localities implement programs under the Job Opportunities - Basic Skills (JOBS) program, the cornerstone of the Welfare Reform Act. This agreement would ensure that literacy and basic skills training are offered as an integral part of any JOBS program, thus, furthering progress toward the national goal that all adult Americans will be literate by the year 2000 and have the skills to be able to function effectively in a modern economy.

MATHEMATICS AND SCIENCE EDUCATION CONFERENCE

The Department also hosted a major conference in November 1989 for the Dwight D. Eisenhower Mathematics and Science program which focused attention on the Nation's efforts to increase critical skills achievement in mathematics and science. This was the first joint national conference between State Title II program coordinators and project leadership teams, and other participants, from over 50 national discretionary math, science and technology programs. Among other accomplishments, the Conference allowed the sharing of program successes and the laying of future plans and networks for improving instruction of these skill areas to all students in order to further progress toward the national goal that American students be first in mathematics and science achievement by the year 2000.

DEPARTMENT PUBLICATIONS ON MINORITY EDUCATION

The Department recently released a report, "Better Schooling for the Children of Poverty: Alternative to Conventional Wisdom," which challenges traditional approaches to remedial education. This report underscored the obsolete nature of conventional wisdom involving the education of disadvantaged children, and stressed the strength of an instructional approach that recognizes cultural diversity, and "respects" and builds on children's backgrounds.

The Department also has published several handbooks which address a broad range of issues that impact the educational experience of minority and disadvantaged students. These include:

- o "No Gift Wasted," which highlights special science and mathematics programs for highly able disadvantaged students.
- o "Educating Our Children: Parents and Schools Together," a report which describes how parents can get more involved in their children's education.

Overall, I think that many of the ideas expressed in "Education That Works" complement many of the recent efforts of this Administration to restructure and reshape the teaching and learning taking place within American schools.

EVEN START BUDGET INCREASE

Mr. Early: Mr. Secretary, I am happy to see that your budget contains an increase of $23.8 million for Even Start, almost double the 1990 appropriation. As you know, this program is one which combines early childhood education with adult education. However, children who participate in this type of early childhood program tend to be unable to sustain their progress as they continue their education, and sometimes become the dropouts we are trying to prevent. Has the Department of Education ever considered any specific programs that would track these high risk students through their educational careers, not just for statistical purposes, but to enact Federal follow-up programs that would reinforce the gains these children may have made with programs such as Even Start?

Secretary Cavazos: The Chapter 1 LEA grants program should be providing the follow-up services needed by disadvantaged children who have participated in preschool programs. The Department is in the process of conducting a longitudinal study of Chapter 1 that is designed to examine the effects of Chapter 1 programs over time on students' achievement as well as other behavioral outcomes such as reduced delinquency, truancy, and drop-out rates; employment and earnings; and enrollment in postsecondary education. We will be using the findings from this long-term study to guide us in recommending legislative changes that would improve the effectiveness of Chapter 1.

PRESIDENTIAL MERIT SCHOOLS

Mr. Early: President Bush is strongly pushing for legislation that would enact the Presidential Merit Schools program and is requesting $225 million, a $100 million increase over last year's estimated amount. This program would provide cash awards to public and private elementary and secondary schools that have made substantial progress in raising student educational achievement, creating a safe and drug-free school environment, and reducing the dropout rate. One criteria for this award would be the improvement of students' educational performance, most likely based on some type of standardized test. Has the President determined what form this standardized test will take, and how it will be administered? What steps will be taken to see that abuses do not occur in the test program to ensure that results are accurate and not reflective of intensive "coaching?"

Secretary Cavazos: Under our proposal schools would be selected within each State by a special State review panel using State and local criteria. These criteria would focus on the items mentioned in your question. Standardized testing would not be the sole, or even necessarily a major criterion, by which students' educational performance is assessed. State panels could take into account other factors such as a reduction in the dropout rate or increased attendance rate as indicators of improved academic performance. To the extent that standardized testing is used, the State would determine the form and content of those tests. Our primary interest in this area would be to ensure that if standardized tests are used, they yield valid results.

FUND FOR INNOVATION IN EDUCATION

Mr. Early: The same problem of too many studies and not enough implementation occurs with the Fund for Innovation for Education, another program which tries to find and implement innovative educational approaches to education. The Administration asks for the same budget request for FY 1991 ($18,939,000) as was appropriated for FY 1990. Again, I ask, Mr. Secretary, shouldn't we spend more money on a program that will improve educational programs in a bold innovative way?

Secretary Cavazos: We agree that we need to seek out more innovative practices and find ways to demonstrate their effectiveness, and plan to do so. However, the Fund for Innovation in Education includes authorities for five distinct programs for which the Congress has earmarked specific amounts recommended by the conferees for fiscal year 1990, even though the House had not initially done so. This has severely constrained our discretion in inviting applications. For 1991, we estimate that about 15 new awards could be made. We would have maximum flexibility to fund projects that have the most potential for improving education if funds were not earmarked for specific program authorities in 1991.

MATHEMATICS AND SCIENCE NATIONAL PROGRAMS

Mr. Early: The Administration states that the improvement of science and math is one of its highest priorities. Yet you decrease the number of new awards for the Eisenhower Mathematics and Science Education National Programs by 31 for FY 1991. Why is that?

Secretary Cavazos: We are requesting an increase of more than 70 percent for the Eisenhower program, clear evidence of our commitment to mathematics and science education. The President also has asked for a substantial increase for the National Science Foundation.

The amount requested for the Eisenhower Mathematics and Science National Programs is the amount specified in the authorizing legislation, 4 percent of the total amount appropriated, and represents a slight increase over 1990. The number of new projects for 1991 is an estimate based on the number and likely cost in 1991 of multi-year awards made in 1989 and 1990. We expect the number of multi-year awards in 1990 to be greater than in 1989, and thus estimate that the amount available for new awards in 1991, while still substantial, will be less than in 1990. The total number of projects, new and continuing, will increase in 1991.

EDUCATION FOR HOMELESS CHILDREN AND YOUTH

Mr. Early: One of the biggest tragedies in this country is the failure of our Government to help educate homeless children. Not just children whose entire family is homeless, but also those who are termed throw-away kids -- children from broken or abusive homes who wander city streets such as New York or Los Angeles. Will the Administration's request of $5 million for Education for Homeless Children and Youth Grants for State Activities be used to help these children and, if so, is this amount sufficient to have any significant impact to find these kids and educate them so they can get off the streets?

Secretary Cavazos: The $5 million State grant program for Education for Homeless Children and Youth does not provide direct educational services for these children. However, every State educational agency receives funds from this program to gather data on the number and location of homeless children in the State, document problems these children are having with access to public education services and facilities, mediate jurisdictional disputes among local school districts, and implement their State plans to remove barriers and ensure that homeless children have full access to public education. We believe this program provides a needed service for homeless children and youth.

The new program of Grants for Exemplary Programs, first funded in 1990, will provide direct benefits for these children through programs funded at the school district level and dissemination activities that will inform State and local agencies about successful practices.

I would also like to point out that the $5 million requested for State grants and the $2.5 million requested for exemplary programs represent full funding for the elementary and secondary programs authorized by the Stewart B. McKinney Homeless Assistance Act.

CRACK BABIES

Mr. Early: The drug epidemic which is sweeping this country is cause for great concern. One of the terrible by-products of this epidemic are crack babies. I would like to know, Mr. Secretary, if any type of preparation is being made in the Department of Education to handle the special needs these children will have when they enter the classroom?

Secretary Cavazos: We do not yet know the extent to which children that were prenatally exposed to drugs, including children exposed to crack, will require special education programs. However, it is likely to be significant, and the Department is conducting research and developing models that will help States deal with the special needs of these children as they enter the school system. We are focusing our present efforts in this area on issues related to children, aged birth through eight years, who are handicapped or at risk of developmental delay, and especially on issues related to preschool children, furthering the President's and Governors' goal that all enter school ready to learn.

In 1990, the Department is supporting five model demonstration and outreach projects under the Early Childhood Education program (EHA) specifically dealing with issues related to drug-exposed children, including children exposed to crack. In 1991, we will provide support for a new multi-year institute that will research, develop, and field test interventions for children, from birth through age five, who were prenatally exposed to street drugs such as crack cocaine, and children born with Fetal Alcohol Syndrome. We expect this institute to provide us with important new information about the needs of these children and the interventions that can best meet those needs.

For 1991, language in the EHA Early Childhood Education priorities will invite applications for projects to develop and disseminate model programs for drug-exposed children. In 1992, language in the EHA Early Childhood Education model demonstration priority will focus on the development of programs for drug-exposed children who are three through five years of age. We are considering other activities that we may develop for 1992.

PELL GRANTS

Mr. Early: The Administration's Budget Request for Pell Grants for FY 1991 is $5,277,000,000, an increase of $472,522,000. This includes the $371 million to cover shortfalls from prior years. However, it is still $218 million less than the estimated program cost. What specific proposals is the Administration proposing to offset this expected shortfall?

Secretary Cavazos: The Administration's 1991 Budget Request for the Pell Grant program includes three measures designed to protect students and reduce program waste and abuse. The Department proposes to eliminate aid officer discretion to alter student awards, to implement a pro rata refund policy at institutions with GSL default rates in excess of 30 percent, and to require students admitted on the basis of an "ability to benefit" to pass an independently administered test (prior to enrollment) that measures the student's ability to complete the course. The Department has estimated the savings to be achieved by implementing these changes during fiscal year 1991 at a total of $218 million--$37 million for discretion, $67 million for pro rata refunds, and $113 million for tightening the ability-to-benefit criterion. Without these changes, Pell Grant program costs for the 1991-92 school year would increase by $218 million over the requested level of $5,277 million.

Mr. Early: It has been suggested that time and money could be saved on the administrative end of Pell Grants if the delivery system eliminated central processing and allowed the schools to process Pell Grants as they already do with SEOG and Perkins. How much of a savings (if any) would there be of time and money if the distribution of Pell Grants were campus based.

If there is a savings, couldn't part of that money be used to improve training and certification of the institutional financial aid administrators who administer the Pell Grant program?

Secretary Cavazos: Your question is a difficult one to answer because the student aid application processing system provides important and timely services for all the campus-based programs and as well as for the Pell Grant program. It is not a system solely for the purpose of processing Pell Grant applications. The central processor provides the computer support for the calculation of the statutory formula used to determine Pell Grant eligibility as well as the calculation of the statutory need analysis used for the other need-based aid programs.

Eliminating the central processor function would eliminate numerous services that students and institutions depend on, not the least of which would be the free Federal student aid application form and the calculation of the Pell Grant and other need analysis formulas. The increased burden at the institutional level would be tremendous, such that most institutions would probably not support such a proposal unless institutional administrative allowances are substantially increased--which would definitely offset any savings. Students could also have a greater burden if they have to apply to individual schools, instead of going through one application need analysis process.

The Department estimates that the central processing component of the delivery system will cost $5.7 million in fiscal year 1991 . This compares with $23.8 million for the "Multiple Data Entry" (MDE) Services, which your question does not address.

The Department already expends significant resources on the training of financial aid administrators. For fiscal year 1991 we are estimating $183,000 in contract costs for institutional training. In addition, there is a training component in the MDE contracts. Moreover, the Department sends it own staff into the field for training purposes. For example, 53 training sessions for 4,625 trainees (financial aid administrators) were held in the last three months of 1989.

PERKINS LOANS

Mr. Early: The administration plans to end capital contributions for the Perkins Loan Program charging that it provides "heavy and unnecessary federal interest subsidies," although the subsidy cost are lower than in the Stafford Loan program. Ending capital contributions would eliminate 109,000 awards. How would these students makeup the difference for this lost loan money?

Secretary Cavazos: Collections on prior loans under the Perkins Loan program will be sufficient to continue the program. Without additional Federal capital contributions, we estimate that such funds would provide approximately $744 million in new loans to about 695,000 students in 1991-92. Students affected by the elimination of Federal capital contributions for Perkins Loan can seek additional loan assistance under the Stafford, PLUS, or SLS Loan programs, all of which provide loans to students at a lower Federal subsidy. Since the Perkins Loan borrower pays only 5 percent interest throughout the repayment period (and zero interest during in-school, grace, and deferment periods) as compared with 8 percent changing to 10 percent after three years under the Stafford Loan program, the Perkins Loans interest subsidization is higher than for Stafford Loans.

STAFFORD LOANS

Mr. Early: The administration is expecting a reduction in the cost of the Stafford Loan program of $460 million due to lower projected interest costs. If the administration's projection is incorrect, and interest rates continue to rise as they are now, what actions will be taken by the administration to rectify the shortfall in the Stafford Loan program?

Mr. Cavazos: The Department is projecting a decrease of $731 million between fiscal year 1990 and 1991 in the Guaranteed Student Loan program due to a projected decline in the 91-day Treasury bill rates. Over the course of fiscal year 1989, we have seen a decline, not an increase, in 91-day Treasury bill rates. We expect this trend to continue. However, should interest rates rise and appropriations fall short of covering the full costs of the GSL program, the Department is authorized to incur obligations through contract authority. Contract authority exists because of the entitlement nature of the subsidies related to these loans. The Department has two options for securing the appropriation needed to liquidate unfunded obligations: (1) request a supplemental appropriation, or (2) request the additional cash in the subsequent fiscal year's budget. For 1990, the Administration has indicated that no supplemental appropriation will be requested.

REDUCED FUNDING FOR HIGHER EDUCATION

Mr. Early: The Administration's Request for Higher Education falls $88 million short of the final sequestered reduced education budget for fiscal year 1990, not counting the funds requested for prior year Pell Grant shortfalls and Stafford Loans. How can President Bush be considered the Education President if he is short-changing higher education?

Secretary Cavazos: I believe that one of the major problems with higher education can be found in the education of our elementary and secondary school students. We simply do not graduate enough students from high school, especially minority students, and those that do graduate are often unprepared to perform the quality work required by postsecondary training. Please do not misunderstand me. Both the President and I strongly support higher education. This year's budget will provide over $18 billion in student financial aid to needy students, and we are giving other programs that support the disadvantaged considerable increases, such as the 12 percent increase in the TRIO programs. However, my emphasis this year has been on improving the quality of elementary and secondary education and reducing the dropout rate, thereby supporting the President's goals of raising both student achievement and the number of students completing high school.

EDUCATION FOR THE HANDICAPPED - SPECIAL PURPOSE FUNDS

Mr. Dwyer: Secretary Cavazos, the President's fiscal year 1991 budget proposes an increase of $507 million overall for the Department of Education. The bulk of this increase, $377.6 million, is allocated to fund his "education initiatives" -- six never authorized programs. Despite funding requests for these unauthorized programs, the administration has requested only an overall level, $181.9 million, for Special Purpose Funds under Education for the Handicapped. While these programs currently are awaiting reauthorization and as the Department has an overall budget figure in mind, does the Department have tentative funding levels for each of these accounts?

Secretary Cavazos: The Department does not have tentative funding levels for the activities within the Special Purpose Funds area. As soon as reauthorizing legislation is enacted, a budget request will be submitted to Congress with specific amounts for each of these programs.

DROPOUT PREVENTION

Mr. Dwyer: Mr. Secretary, your budget requests $45 million for the dropout prevention and reentry demonstrations program. As you know, $21.7 million was provided in fiscal year 1989 for dropout prevention activities. As this program was not authorized, no funding was provided in fiscal year 1990. In addition, testimony last year by you and Ms. Sally Christensen gave the impression that the Department's support for continued funding for this program was tepid, and that efforts to address dropout issues would be undertaken by programs under Chapter 1, migrant education, bilingual education, immigrant and refugee education, and Magnet Schools of Excellence. Why the change of heart in fiscal year 1991?

Secretary Cavazos: The programs you mention all support activities that can help prevent at-risk students from dropping out of school. In addition, under the dropout prevention program funded in 1988 and 1989, the Department supported a number of promising local programs. Although this initial effort will provide a basis for determining the range of dropout prevention and reentry projects currently in existence, it does not focus on funding comprehensive programs that provide basic skills instruction, counseling, employment preparation, parental involvement, and adult mentors. Research has suggested that comprehensive programs, involving several components, are most effective in preventing students from dropping out of school. The majority of projects funded for 1988 and 1989 involve fewer than 10 hours per week of student contact.

For 1991, the Department is requesting $50 million for dropout prevention demonstrations, program evaluations, and research. The new funding will be used to test and demonstrate effective approaches to dropout prevention and reentry and will involve rigorous evaluations similar to those used for demonstration programs funded by the

Department of Labor. Projects begun in 1991 will be funded for up to 4 years. There will be two types of evaluation activities: (1) technical assistance to local projects in collecting data to validate individual programs, along with a national summary of findings; and (2) a national evaluation of selected projects to identify what approaches work best. Up to $2 million each year will be used for the evaluation activities, and $5 million will support research activities, including a national research and development center on dropout prevention.

While continued efforts are needed to reduce the dropout rate, it is also essential to gain hard evidence of programs that work. The extension of the dropout demonstration program, along with added rigor for local evaluations, designation of priorities and models based on research findings, and a national evaluation of selected projects, will assist in providing that evidence.

Mr. Dwyer: How can you justify a $45 million request for dropout demonstrations plus an additional $5 million for evaluations for currently unauthorized programs?

Secretary Cavazos: All of the activities that we propose to support through our $50 million request are currently authorized. The Dropout Prevention Demonstration program, under Title VI of the Elementary and Secondary Education Act, was recently reauthorized by the Congress through fiscal year 1991. Of the total amount requested, $45 million would be used to support and evaluate programs under this authority. The remaining $5 million would be used for research and development activities under the authority of Section 405 of the General Education Provisions Act.

Mr. Dwyer: In addition, has there been an evaluation done of the dropout programs in Chapter 1, migrant education, etc.?

Secretary Cavazos: Although evaluations have shown that Chapter 1 has had some success in improving the basic skills of students participating in the program, no data have yet been produced to suggest the program's effect on the dropout rates of participating children. We hope that the Chapter 1 longitudinal study, begun in 1989, will yield helpful information in this regard.

IMPACT OF STUDENT AID PROPOSALS

Mr. Dwyer: Mr. Secretary, despite a decade of decline in the percentage of high-ability, low-income high school graduates attending college, the President's budget underfunds or seeks to eliminate several major student aid programs. It is my understanding that the President's proposal will be $216 million less than estimated costs for Pell Grants, and that he proposes to eliminate State Student Incentive Grants and Perkins Loans, and to cut $758 million in the Guaranteed Student Loan program. How are these budget numbers reflective of the President's commitment to expanding opportunity for higher education?

Secretary Cavazos: The President's 1991 Budget Request strongly supports a continuation of the Federal commitment to helping ensure educational opportunities for needy students. While it does propose reductions in specific programs, it proposes increases in other programs that we feel will make more effective use of limited Federal resources. Under our proposals for student aid, over $18 billion would be provided to students in 1991, roughly the same amount available in 1990. The Pell Grant program alone, which is the most need-targeted student aid program, would provide for a $126 million increase in aid available in 1991 over the 1990 level.

None of our proposed funding reductions in programs reflect lack of commitment to needy students. Our SSIG request reflects the fact that the program has accomplished its goal of encouraging States to develop need-based student grant programs. All States now support need-based aid programs, and State expenditures for grant aid have continued to expand in recent years as Federal funding has decreased or remained level.

Although the 1991 Guaranteed Student Loan budget request is approximately $450 million less than the 1990 appropriation, the amount of loans available to students is expected to increase. The reduction in program costs is due primarily to the projected 1.7 percent decline in 91-day Treasury bill rates. This projected decline would reduce the interest subsidies the Department of Education must provide to lenders, but it would not affect the amount of loans available to students. In fact, we project an increase of $54 million in the amount of Guaranteed Student Loans available to students in 1991.

The Administration's 1991 Budget Request for the Pell Grant program proposes an increase of $473 million over the 1990 level and expands eligibility to an additional 175,000 students, including those attending on a less-than-half-time basis. Additionally, the Department proposes to eliminate aid officer discretion to alter student awards, to implement a pro rata refund policy at institutions with GSL default rates in excess of 30 percent, and to require students admitted on the basis of an "ability to benefit" to pass an independently administered test (prior to enrollment) that measures the student's ability to complete the course. These measures are designed to protect students and reduce program waste and abuse. The Department has estimated the savings to be achieved by implementing these changes during fiscal year 1991 at a total of $218 million--$37 million for discretion, $67 million for pro rata refunds, and $113 million for tightening the ability-to-benefit criterion. Without these changes, Pell Grant program costs for the 1991-92 school year would increase by $218 million over the requested level of $5,277 million.

JACOB K. JAVITS FELLOWSHIPS PROGRAM

Mr. Dwyer: Your budget requests $5.424 million in fiscal year 1991 for the Jacob Javits Fellowships program, a $2.472 million cut. The Jacob Javits Fellowships is the only federal program primarily supporting the arts, humanities, and social sciences. As you know, Mr. Secretary, the number of Ph.D. is these areas are declining and many fear shortages in college faculty in the arts and humanities in coming years. In light of the future scarcity of Ph.D.'s in these areas, how can you justify phasing out this important fellowship program?

Secretary Cavazos: Our priorities in the area of graduate education are to assist disadvantaged persons and to support studies in academic areas of national need, such as mathematics and the sciences. The Jacob K. Javits Fellowships program does not meet either of these criteria. In addition, there are a variety of other Federal and non-Federal sources of financial support which may be used fo graduate and professional study in the arts, humanities and social sciences.

INNOVATIVE SCHOOL ACCREDITATION PLAN

Mr. Hoyer: Mr. Secretary, there are several education initiatives mentioned in the President's budget document, including an innovative school accreditation plan proposed by the Governor of Maryland, William Donald Schaeffer. The plan includes an evaluation of each of the State's 1,200 public elementary and secondary schools based on student achievement; the development of new curriculum-based student achievement tests; financial rewards for schools that do well; and tighter State control of schools that do poorly.

How is the Department aiding these efforts on the State level which appear to follow your emphasis on accountability and "outcomes"?

Secretary Cavazos: Our proposal for Presidential Merit Schools closely parallels the Maryland accreditation system plans. Presidential Merit Schools would be a State-operated program to reward both public and private schools selected by a State Review Panel using Federal and State criteria. Schools would be selected that have made substantial progress in raising student educational achievement, creating a safe and drug-free school environment, and reducing the drop-out rate. We see this initiative as complementary and reinforcing efforts by States, such as Maryland, that are already taking steps to measure school progress and reward success.

I'd like to make a few additional points about support for restructuring, however. First, it appears that the primary requirement for the kind of restructuring that is beginning to sweep across education is not a massive infusion of new Federal money but better information for schools and communities to use in setting goals and expectations, and better tools for getting feedback on results. Finding ways to do more with available resources--and get better results from them--is the primary thrust of restructuring, as I see it.

Second, I think it is important to be realistic and acknowledge that restructuring does have costs--it is not free. For example, it requires the development of new ideas of leadership in States, districts, schools, and communities, and it requires substantial time for everyone involved to learn new ways and unlearn old ones, to reflect anew on the mission of their schools, to hammer out new goals, to decide upon and implement new approaches, to check the results and make necessary adjustments.

FEDERAL SUPPORT FOR STATE REFORM EFFORTS

I'd like to emphasize that in addition to supporting research, OERI is providing a wide range of other types of assistance and support for restructuring. Many of the schools and districts across the country that are pioneering in educational restructuring contribute to and also receive help from our programs such as the regional laboratories, the research centers, the Leadership in Educational Administration Development Program (LEAD), ERIC, the National Diffusion Network (NDN), and others. A number of the State LEAD Center directors are collaborating to outline the kinds of special training and staff development that are needed by principals in schools undertaking local restructuring initiatives. That activity, supported also by the Institute for Educational Leadership and a grant from the Kraft corporation, is producing a practical handbook that will be made available in all States through the LEAD centers and its associated National Leadership Network. The regional laboratories also have identified restructuring as an area for collaborative work, and the North Central Regional Laboratory, working with Public Broadcasting Corporation, is now providing an eight-program broadcast on restructuring for educators and policymakers nationwide. In the critical area of accountability, we are working with leaders from a number of States to examine appropriate and workable ways of assessing results where restructuring is occurring.

As we work with these OERI-sponsored programs, we will be looking for other sound ways that Federal resources can be used to strengthen State and local restructuring efforts, perhaps in ways similar to those now used under Chapters 1 and 2. We will encourage and strengthen local efforts to implement programs based on the effective schools research that was sponsored by OERI and its predecessors over the past two decades.

Good research and information isn't all it will take for schools across the United States to succeed in restructuring. But it isn't a bad place to start, to ensure that the other kinds of help we and others provide will in fact enable schools to do a better job--to achieve better results--with the resources they have at their disposal already.

FEDERAL SUPPORT FOR STATE REFORM EFFORTS

Mr. Hoyer: How much of an increase in assistance to States in this area of school reform has the Department proposed for FY 91?

Secretary Cavazos: We are requesting an increase of $100 million for Presidential Merit Schools, for a total of $225 million in 1991. We are also requesting a four percent increase for Chapter 2 State Grants. Chapter 2, particularly the State portion of the block grant, is an important vehicle for implementing State reform efforts.

Mr. Hoyer: How much of this assistance is in the area of research and data collection compared to honest to goodness technical assistance in planning and implementing reform proposals?

Secretary Cavazos: **The funds requested for Merit Schools and Chapter 2 could be used for planning and implementing reform proposals. But the Department is also committed to assisting reform with research and evaluation, without which we will not be able to tell which efforts are likely to succeed or the conditions for their successful implementation.**

REGIONAL EDUCATIONAL LABORATORIES

In addition, OERI provides a great deal of technical assistance to States and localities to implement reforms, particularly through its Programs for the Improvement of Practice. This program administers the most intense federally funded technical assistance effort for implementing such reforms--the Regional Educational Laboratory Program. In fiscal year 1989, the laboratories provided assistance in the use of research and development-based knowledge for improving schools to all of the States and territories. All nine laboratories have been contributing to State and local policies related to school reform, and all are supporting school-based improvement models. A recent GAO study (September 1989) found that over 1,500 school districts that have implemented effective schools programs received help from a regional laboratory in developing their programs.

The regionally representative governing boards of the laboratories, with the active involvement of the chief State school officers, identify significant regional priorities, which are then addressed by the laboratories in their technical assistance efforts. Such priorities include rural and urban education, early childhood education, issues of choice, school restructuring, higher order thinking skills, teacher preparation, applications of technology, and problems of students at-risk of dropping out of school.

NATIONAL DIFFUSION NETWORK

OERI'S National Diffusion Network also provides technical assistance to local schools, both public and private, interested in solving problems and improving student performance. The programs are proven and cost-effective. The support necessary for the implementation of these validated programs is made available through a State facilitator located in each State, the District of Columbia, and the territories. The duty of the State facilitator is to provide the link between local school districts and the resources available in the NDN. Validated programs are funded as Developer Demonstrators to provide training and materials necessary for local schools to implement their programs. Continuing support and follow up is also provided.

NDN programs are rigorously examined for their ability to prove effectiveness and their ability to be replicated. The credibility of NDN programs to accomplish what they say they will do is and has been a cornerstone of the network's success. In 1988-89 over 29,000 public and private schools in all 50 States, the District of Columbia, Puerto Rico, and the Virgin Islands adopted NDN programs providing inservice training to 82,600 educators and benefiting 4.1 million students.

CHAPTER 2 SCHOOL IMPROVEMENT PROGRAMS

Mr. Hoyer: Which of the Department's currently funded programs could be appropriately used to support this type of reform effort?

Secretary Cavazos: Chapter 2 funds could be used to implement such efforts. The Chapter 2 statute, as revised by the Hawkins-Stafford amendments, focuses on key areas of reform and improvement, such as implementation of "effective schools" programs. States and localities have wide latitute in using Chapter 2 funds in ways that meet their educational improvement needs, but funds cannot be spent merely to supplant local efforts or subsidize the on-going program.

CRACK BABIES

Mr. Hoyer: The Federal programs established under the Handicapped Act were designed to help States provide appropriate education for children. The Department's budget provides about $350.00 per handicapped child, or less than 10 percent of excess costs. Prince George's County spends almost 15% of its education budget for the 9% of its students served in this program. My superintendent tells me that some jurisdictions are predicting that as much as 20-30 percent of children entering kindergarten could be affected by the crack baby problem.

Does the Department have any estimates on the size and scope of this problem?

Secretary Cavazos: Estimates of the prevalence of children prenatally exposed to drugs, including crack, vary substantially. Probably the best national estimate comes from a 1988 study conducted by Dr. Ira Chasnoff of Northwestern University Medical School. Based on a survey of 36 hospitals across the country, Dr. Chasnoff estimated that about 11 percent of infants born each year, or about 375,000 infants, are born to women who are drug abusers, including women who use crack.

Based on a two-year follow-up study of 263 children who have been evaluated at a Chicago-based treatment clinic for substance abusing pregnant women, Dr. Chasnoff found that drug-exposed children scored within the normal range for cognitive development and are not brain damaged. However, many drug-exposed two-year-olds scored poorest on developmental tests that measure abilities to concentrate, interact with others in groups, and cope with an unstructured environment. He concluded that, given the chaotic and transient nature of the drug environment, many drug-exposed children are at great risk of development impairment, particularly children whose mothers are not involved in a treatment program. Therefore, although we do not yet know the extent of potential special education needs for drug-exposed children, including children exposed to crack, we think these needs are likely to be significant.

Mr. Hoyer: How is the Department preparing to respond to this problem programmatically?

Secretary Cavazos: We are and will be supporting activities that can help States meet the needs of these children, particularly as they enter the school system. The Early Childhood Education program under Education for the Handicapped is currently supporting five model demonstration and outreach projects specifically dealing with the needs of drug-exposed children. For 1991, the program has included language in its priorities that invites applications for projects that will develop and disseminate model programs for drug-exposed children. In 1991, the program will also support a new multi-year institute that will conduct research on and develop and field test interventions for children, from birth through age five, who were prenatally exposed to street drugs, such as crack cocaine, and children born with Fetal

Alcohol Syndrome. In 1992, the program is planning to include language in its model demonstration priority that invites applications for the development of programs for drug-exposed children who are three through five years of age.

Mr. Hoyer: Does the Department's fiscal year 1991 request deal with this problem specifically?

Secretary Cavazos: No. Activities dealing with issues related to drug-exposed children, including crack babies, would be funded under specific priorities published in the Federal Register for one or more of the EHA Special Purpose Funds programs. In addition, because reauthorizing legislation for the Special Purpose Funds programs has not been enacted, we have not yet requested 1991 funds for specific activities under any Special Purpose Funds programs. We will make our request as soon as this legislation has been enacted.

COMPREHENSIVE SCHOOL HEALTH EDUCATION

Mr. Conte: In the FY 1990 appropriations bill, along with the appropriation for comprehensive school health education, we reiterated our intention that the Department establish a separate Office of Comprehensive School Health Education. Has this Office been set up?

Secretary Cavazos: The Comprehensive School Health program is administered in OERI along with the other programs authorized under the Fund for Innovation in Education. We believe that a separate office is not necessary to administer the program effectively. OERI has been able to provide the necessary leadership and coordination with other agencies. In addition, its placement in OERI ensures this program is coordinated with other Department school improvement and reform efforts. A separate office would require additional staffing as well as administrative and support services that are currently being provided by OERI. For all of these reasons, we do not plan to establish a separate office.

Mr. Conte: In response to a letter I sent you last May, you said that the Department was capable of coordinating its school health activities with those of other Federal agencies without establishing an Office. What have you done in that regard?

Secretary Cavazos: We've made a strong effort to coordinate with other agencies. Representatives of a variety of Federal agencies, including the Centers for Disease Control, National Institutes of Health, National Institute on Drug Abuse, the Department of Agriculture and others attended the first national meeting of the 1989 Comprehensive School Health Education program grantees in December of 1989. The primary purpose of the meeting was to ensure that agency representatives and project personnel were aware of related efforts, and to encourage coordination. In preparation for the meeting, Department staff prepared a handbook providing an abstract of each project and a list of key contacts in six Federal agencies and twenty-five non-federal organizations, which has been distributed not only to participants, but to other interested parties as well. The Department will co-chair an interagency working group, the Ad Hoc Committee on Health Promotion Through the Schools. Program staff have met with other agencies on a number of specific issues, including NIH on asthma, NIDA on the distribution of their materials on smoking, and EPA on environmental hazards. Experts from other Federal agencies served on our application review panels for the 1989 competition, and we will ask them to serve in the future. We plan to continue to actively promote coordination.

Mr. Conte: Is there currently an individual with experience in health education running the school health grants program?

Secretary Cavazos: The Director of the FIRST unit in OERI, where the Comprehensive School Health program is administered, has broad experience in administering health and health eduction programs for children. He was a post-doctoral fellow at the UCLA Medical Research Center just prior to becoming County Superintendent of Schools in a district with a large and diverse school population. As County Superintendent, he developed a program for integrating health and educational programs that became a model for the State of California.

The team leader in the FIRST unit assigned responsibility for the Comprehensive School Health Education program within the FIRST office in OERI has a strong background in the sciences and broad experience in administering Federal discretionary grant programs, especially those involving teacher training and curriculum reform. He has served on several health education advisory panels for the Centers for Disease Control and HHS, and worked with a number of non-federal groups concerned with health education issues. He has served on the Ad Hoc Committee on Health Promotion Through the Schools, an interagency working group, since 1985.

A third staff member brings extensive experience in working with community health issues, especially those that relate to the family, to the program.

HISPANIC TASK FORCE

Mr. Conte: The President has asked you to form a Task Force within the Domestic Policy Council to focus on Hispanic education. Tell us a little about your plans for this task force and what you expect it to address.

Secretary Cavazos: The President was quite specific in his charge to the Task Force. He asked that we look at the participation of Hispanics in Federal education programs, that we identify any barriers to participation, and that we suggest alternatives to enhance Hispanic participation in those programs.

I have asked representatives from across the Administration to participate in developing a response to the President's charge. We will report to the Domestic Policy Council later this year. Prior to that, the Department will conduct a series of five regional hearings around the country to solicit public input on issues facing Hispanic education. I will personally chair three of these hearings.

EDUCATION NEEDS OF MINORITIES

Mr. Conte: How in general does the budget proposal address the education needs of minorities?

Secretary Cavazos: Over 85 percent of the Department's $24.6 billion budget request is for programs that serve the disadvantaged. These programs include Chapter 1 of the Elementary and Secondary Education Act, Pell Grants, Bilingual Education, Indian Education, Adult Education, and other programs whose target population include significant numbers of minorities. In addition, there are a number of programs -- such as the Minority Science Improvement Program and the Minority Participation in Graduate Education program -- that serve minorities exclusively.

Providing increased support to programs that serve minorities is a major priority of the Department's 1991 budget. In fact, most of the $1.8 billion in gross increases for 1991 is for programs serving target populations in which there is significant minority representation.

MATHEMATICS AND SCIENCE EDUCATION

Mr. Conte: The President has set an ambitious goal of making the U.S. first in the world in math and science by the year 2000. How does the Eisenhower math and science program, even if it is increased to $230 million, make any substantial contribution -- don't you really need billions for a goal like this?

Secretary Cavazos: Our Nation's students are performing poorly in mathematics and science -- subjects that are critical to strengthening our economic competitiveness and national security. Improving student achievement in mathematics and science is one of the President's and Governors' top priorities. We believe that the Eisenhower Mathematics and Science Education program, which is designed to improve the skills of teachers and the quality of instruction in mathematics and science, is an effective means of addressing this problem. We firmly believe that an increase to $230 million for the Eisenhower program, a 70 percent increase, would improve the quality of instruction in these subject areas. Improved instruction should lead to increased access to math/science education and higher achievement levels for all students.

NATIONAL SCIENCE SCHOLARS PROGRAM

Mr. Conte: Under the postsecondary account, there is a proposal for a $5 million postsecondary scholars program. How many scientists and mathematicians should we be graduating annually, and how many will we get from this new program?

Secretary Cavazos: Colleges and universities are producing fewer students with undergraduate and graduate degrees in the sciences and mathematics. Notwithstanding significant increases in undergraduate enrollment, data from the Department of Education's Center for Statistics indicate that the number of degrees awarded in mathematics and the sciences has dropped from prior year peaks. Only 38,524 bachelors degrees were conferred in 1985-86 in the life sciences compared with the peak number of 54,275 in 1975-75. About 16,300 degrees in mathematics were awarded in 1985-86 compared with the peak number of 42,801 in 1970-71 and less than 22,000 degrees in the physical sciences were conferred in 1985-86 compared with a peak of 24,052 in 1981-82.

The precise number of science graduates who are needed each year can not be determined, nor should such a number be established by the Government. The marketplace should play the primary role in determining the need for and number of such scholars. However, it is clear the Nation is facing a problem in the production of scientists. A Ph.D. shortage takes years to rectify since it reflects not only a shortage of math and science graduate students, but also the limited number of undergraduate math and science students and, ultimately, a dearth of high school students who are interested in math and science.

A prestigious National Science Scholars program would provide an incentive to high school students to excel in science and mathematics by recognizing their achievement. It would also provide 570 scholars, selected by the President each year after considering recommendations from an Advisory Board and from Senators and Members of the House of Representatives, with significant financial resources (up to $10,000 per year) if they continue their studies in these fields at an undergraduate level. Given their superior academic caliber, many of these students would undoubtedly continue their studies at the graduate level.

The Department is also addressing the Nation's need for more scientists and mathematicians by requesting significant increases in 1991 for the Patricia Roberts Harris Graduate Fellowships program and for the Graduate Assistance in Areas of National Need. The request for Patricia Roberts Harris Fellowships, which grants approximately 53 percent of its awards to those studying mathematics, science or engineering, is $17.8 million -- an 1[illegible] percent increase over 1990. Our 1991 request for Graduate Assistance in Areas of National Need, which makes awards to students studying mathematics, physics, chemistry or engineering, is $25.5 million -- a 61 percent increase over 1990.

We recognize that these efforts, in and of themselves, will not fully address the problem of a shortage of math and science graduates. Other actions, such as increasing faculty wages, must also be taken. However, programs such as the National Science Scholars program will help address the critical education goal of increasing math and science achievement among America's students and scholars. The high visibility, prestigious nature, and significant financial reward of our scholarships and fellowships will help attract the attention of students, educators and the American public to the importance of science and mathematics education. This as much as anything else, will help prevent a shortage of math and science graduates.

TEACHER TRAINING

Mr. Conte: What about teaching? How much of a priority does your budget place on teacher training?

Secretary Cavazos: The requested 1991 budget for the National Educational Research and Development Centers will support several research efforts directly related to teacher training. The Center on Learning to Teach, $1 million per year, will be exploring the fundamental knowledge that teachers require and how they obtain it. The Teacher Performance Evaluation Center, $1 million per year, will study how teachers should be evaluated, including how evaluations can authentically reflect teaching behaviors. In addition, all of the subject specific centers (e.g., mathematics, science, literature, and writing) have components that address how that content can best be taught. The funding for these centers totals over $2.9 million. The Center on Learning and the Center on Assessment will also have projects dealing with teaching. Funding for these two centers totals $2.9 million.

For actual support of teacher training, the 1991 request provides $109.5 million (37 percent) more than the 1990 appropriation for teacher training activities. In addition, States are free to use their Chapter 2 Block Grant funds -- as well as other general authorities, such as Vocational Education Basic Grants and Drug-Free Schools and Communities State grants -- for teacher training if they choose to do so. The table below details this support.

	Appropriation	Request
Eisenhower Mathematics and Science Education................	$135.6	$230.5
Education for the Handicapped:		
Special Purpose Funds.............	71.0	71.0 1/
Bilingual Education Training Grants	31.9	31.9
Drug-Free Schools and Communities:		
Training by IHEs.................	9.0	--- 2/
School personnel training.........	14.6	14.6
Fund for Innovation in Education:		
Computer-Based Education..........	4.0	4.0
Fund for the Improvement and Reform of Schools and Teaching...........	4.0	4.0
Territorial Teacher Training.......	1.8	1.8
Christa McAuliffe Fellowships......	1.9	2.0
Mid-Career Teacher Training........	1.0	1.0
Douglas Teacher Scholarships.......	14.9	14.9
Alternative Teacher and Principal Certification 3/.................	---	25.0
Total....................	289.70	400.2

1/ Estimate. The authorization for these programs expires at the end of fiscal year 1990. Amounts for specific activities will be determined after new legislation is enacted.

2/ Program is no longer authorized.

3/ Proposed legislation.

RESEARCH AND STATISTICS INCREASE

Mr. Conte: Why are you requesting such substantial increases for research, statistics and summit follow-up, and can you define with any more precision what this $20 million for summit follow-up will be used for?

Secretary Cavazos: Decisionmakers across the country want more and better information on education than ever before. They see such information as critical to bringing about the changes in education needed to help keep America strong and competitive.

Although collecting, disseminating, and encouraging the use of good information on education has been a primary responsibility of the Federal government for more than ten years, today it is more important than ever. The President's historic Education Summit with the Governors has been followed by a groundswell of bipartisan support for refocusing American education on performance and results. Today, for the first time in history, we have national educational goals--goals that focus on our performance as a Nation.

As the President and Governors point out, a fundamental financial role of the Federal government is to "provide research and development for programs that work; good information on the real performance of students, schools and States; and assistance in replicating successful State and local initiatives."

To provide the research, information, and assistance that are required, various yardsticks for measuring educational progress must be updated and augmented. Questions about how to restructure our schools and school systems must be addressed. We must produce more and better information than ever from assessment, research, and statistics, and we must do a far better job of disseminating it. State-of-the-art information must be made available immediately to practitioners and others; in many cases, technical assistance must be provided to educators, parents, policymakers, and others who want to use new information to improve performance in their schools, communities, and homes.

In short, we need to work closely with the 50 States to build a repository of the latest, best information on where we are in relation to the goals, what progress is being made toward them, and how that progress can be accelerated. Sharing successes and failures along the way will be vital to reaching the goals.

The $79 million increase we seek is an investment in improving American education for all Americans. Although large in terms of percentages, the investment is small when compared to the $350 billion being spent this year on education in the United States. It is a small investment for building the foundation for a long-range plan that can make American education the envy of the world in ten years and that will lead to unmatched opportunity and productivity for all our people.

More specifically with regard to use of the Education Summit Follow-Up funds, the role of the Office of Educational Research and Improvement in the Nation's efforts to attain the education goals is:

- To provide and report data that can assist those who will monitor progress toward achieving the education goals; and
- To inform educators, policymakers and the public about effective policies and practices in achieving the education goals.

The Education Summit Follow-Up funds will support activities to gauge progress. Where existing surveys are relevant to the goals, they will be used as is, modified, or redirected (e.g., the National Assessment of Educational Progress). In many of the goal areas, however, OERI will need to design new, quality data collection systems (e.g., in the area of measuring school readiness). For these goal areas, activities that precede actual data collection include:

- Assessing the strengths and weaknesses of measures based on the present state of knowledge in the relevant fields;

- Developing alternative measurement techniques and metrics; and

- Pretesting survey instruments, procedures, and methodologies.

The Education Summit Follow-Up funds will also support activities to assist in achievement of the education goals, such as:

- Conducting and supporting research and development work on how to achieve the goals;

- Informing educators, policymakers and the public about the results of research and practice that can contribute to achieving the goals; and

- Providing technical assistance to States and localities as they develop and implement policies and practices to achieve the national goals.

At this stage in our planning, we estimate that as much as three-quarters of the funds could be used to support various research and data collection activities connected to measurement and monitoring of progress toward the national education goals. The reamining funds would be used to support other aspects of Summit follow-up related to school restructuring and enhanced regulatory flexibility.

OERI is in the process of holding discussions with the Departments of Labor, Health and Human Services, Commerce, and Agriculture to incorporate their pertinent, ongoing and planned activities into monitoring progress on the goals. Also, the President and the Governors have agreed on the need for a bipartisan group to oversee the process of determining and developing appropriate measurements and reporting on the progress toward meeting the goals. We will need to consult with that group and the Governors to determine what data are needed.

Upon completion of a detailed plan for activities related to the Summit agreement, more detailed information will be made available to members of this Committee.

EDUCATION SAVINGS ACCOUNTS

Mr. Conte: Given that the budget doesn't provide much in the way of increases for college costs, would you favor the type of legislation that I and others have introduced to make education savings accounts of up to $1,500 per year tax-deductible?

Secretary Cavazos: I share your concerns about the escalating costs of postsecondary education and am interested in proposals to encourage family savings for financing higher education expenses.

I have established a Task Force and thirteen Work Groups to thoroughly review the Higher Education Act programs for the 1992 congressional reauthorization. One of these Work Groups is reviewing the savings incentives issue to determine if our Higher Education Act programs should be modified to increase incentives for family and student savings for postsecondary education. We are looking at this issue from a broad perspective and not limiting our focus to tax incentives. The Administration plans to submit its proposals to Congress in this area early in 1991.

While your proposal to revise the tax code certainly merits consideration, we defer to the Department of the Treasury in commenting on such specific proposals.

MONITORING AND ACCOUNTABILITY

Mr. Conte: Recently, the Office of Management and Budget released a list of programs at high risk for fraud and mismanagement. That list recommended that the Education Department develop stronger monitoring and accountability plans for the programs and grants it administers. Do you agree with that assessment, and if so, what steps are you undertaking to increase monitoring and accountability?

Secretary Cavazos: We agree with the assessment in the sense that as a Department we should be continually examining our monitoring and accountability procedures to ensure that Federal funds are properly used and that the programs and grantees are achieving the intended results. We have increased our salaries and expenses budget by $65 million because of the high priority the President places on providing efficiency and integrity in service delivery.

Enhanced accountability in education is one of the President's principles for reforming American education. At the Federal level, we have developed a program accountability initiative which stipulates fiscal year 1990 plans for improving program accountability in more than a dozen programs. For example, new program regulations for Migrant and Adult Education will require State education agencies to use the results of evaluations to improve service delivery and to identify projects not meeting specific educational goals. The Department's program offices are required to monitor the States' performance under this requirement. Another example of improved accountability will occur in the Upward Bound program where we will make greater efforts to analyze grantee performance reports to determine successful techniques.

To improve program monitoring, we have increased our travel budget by 20 percent in 1990 and 35 percent in 1991 specifically to provide more funds for onsite monitoring and technical assistance. We cannot rely on regulations and phone calls to ensure that funds are being used properly or that schools understand how our programs work.

Our automatic data processing (ADP) budget requests a $30 million increase. This is directly related to the OMB report and the need for improved accountability. For example, $12 million more is required for processing Pell Grant applications, including $7 million to provide a free application form to students, and also to improve documentation and quality control to reduce errors.

Other examples of ADP budget increases include the Guaranteed Student Loans/Perkins contract to track more data on loans to support the default reduction initiative; in quality control to measure billing and payment errors at guaranty agencies; development of accounting subsystems to enhance internal control; and a document management system which will reduce current hard copy storage space and provide better management control and improve productivity. There are increases also in the central ADP Service to fund a minicomputer upgrade project which has been determined necessary by a study conducted in 1989. The minicomputers support the Primary Accounting System, the Grants and Contracts Management Systems, the Budget Allotment and Planning System, and other system basic to the Department's operations. These are areas cited by OMB on their list as vulnerable to abuse.

To support the above and additional improvements in monitoring and accountability, we have also requested an increase of 100 full-time equivalent employees.

ED AND DoD COOPERATION ON BASE CLOSURES

Mr. Porter: Mr. Secretary, the Department of Defense is moving ahead with a plan to close several military bases in the United States. These closures have serious implications for federally impacted schools and the Impact Aid program. What efforts have you made to coordinate with DoD on the complicated process of shifting thousands of personnel and their children around the country?

Secretary Cavazos: The Department is working closely with the Department of Defense to coordinate activities related to the base closure process. Staff of the two departments are in frequent contact to keep each other informed of the latest developments in this area.

Mr. Porter: What efforts have you made to avoid mid-year transitions of students?

Secretary Cavazos: Scheduling the relocation of military personnel is, of course, the responsibility of the Department of Defense. With regard to minimizing disruption for schools and school children, the Office of Economic Adjustment of the Department of Defense has informed us that the military services are being encouraged to transfer families during the summer months so that children do not have to change schools during the school year.

SECTION 3(e) FUNDING FOR DISTRICTS AFFECTED BY BASE CLOSURES

Mr. Porter: Section 3(e) of the Impact Aid statute provides for transition payments to school districts affected by military base closures. Last year I asked you about funding under this section for school districts affected by military base closures. At that time you told me that you needed to review DoD schedules for the individual base closures before making a request for Section 3(e) funding. The process of closing bases begins during the period between now and September 1991. Have you developed estimates of the amount of funding that will be needed for Section 3(e) to cover the effects of the base closing legislation?

Secretary Cavazos: Based on information this Department has received from the Department of Defense, the effects of military base closings on the Impact Aid program in fiscal year 1991 will be minimal. According to a preliminary schedule from DoD, only one base involving the transfer of children--Pease Air Force Base in Portsmouth, New Hampshire -- is currently scheduled to close during fiscal year 1991. Families will be transferred gradually over the next year. Because only one installation is involved and the affected school districts will have had ample time to plan and prepare for reductions in enrollment, the Department is not requesting funding for Section 3(e) for fiscal year 1991.

Mr. Porter: Will you request a supplemental for those schools which will be affected during the FY 1991 appropriations cycle?

Secretary Cavazos: The Department does not plan to request a supplemental appropriation for Section 3(e) for FY 1991.

TITLE X OF S. 695

Mr. Porter: Recently the Senate Labor and Human Resources Committee reported out the President's education initiative, S. 695. Unfortunately, the Committee added a new Title X to the bill. This legislation would authorize a sole source grant to create a voluntary teacher certification program. Many people are concerned that such a program could ultimately restrict home schooling. I am more concerned that the philosophy behind an additional, voluntary layer of certification is quite contrary to the philosophy of alternate certification which is embodied in the President's original plan. Would you comment on Title X, both with respect to home schooling and with respect to alternate certification?

Secretary Cavazos: We believe it would be highly inappropriate to support the Board's funding. The Board, as it is presently constituted, is a private organization that operates with total independence from the Federal government. We believe that is the way it should remain. We have three major concerns about Federal funding for the Board. First, the Department, as a rule, opposes sole source contracts, particularly when the recipient of Federal dollars does not have an established track record and the money is to be used for unspecified research and development activities. Second, the proposal under consideration lacks accountability to the Secretary of Education. Third, the funds requested by the Board ($25 million) are excessive, and the research would likely duplicate research activities that are currently under way or that are planned by the Department.

I am also concerned that the Board could establish prerequisites to its voluntary certification that could negatively affect other efforts to bring into the teaching profession those talented individuals who have demonstrated expertise in their subject areas but lack traditional teacher education training.

CHICAGO PUBLIC SCHOOLS

Mr. Porter: Last year the Chicago school system made radical changes in its administration. This year schools are governed by local, elected school boards with real power to effect the administration of individual schools. What is your early assessment of the new school system? What are its long-term chances for success?

Secretary Cavazos: The Chicago schools are a system in crisis, faced with severe problems. About one half of its students are dropping out and those who remain all too often are not getting the kind of quality education they need to lead a productive life. We are encouraged that everyone involved with the schools, including local businesses, recognize the severity of the problem and are committed to doing something about it. These reforms are a bold and ambitious step in the right direction. They embody some of the initiatives we feel are necessary to successfully restructure the schools.

The local school councils are a means of empowering parents and getting them more involved in their children's educations. Additional improvements will be realized from the implementation of reforms scheduled to go into effect in the future -- genuine school-based management with budgetary authority at the building level and further empowerment of parents through choice of the schools their children attend. The Chicago schools remain deeply troubled, but if administrators, principals, teachers, parents, students, businesses and political leaders are willing to commit to and support a long process of change, there is reason to believe that the Chicago schools can succeed in reversing their current condition.

EARLY EDUCATION

Mr. Porter: Mr. Secretary, it looks as though the Congress may pass a child care bill this year, and I am encouraged that the President has proposed a large increase in funding for Head Start. But last year we discussed learning care and you expressed a strong commitment to getting beyond simple child care to early education. Do you expect the President to support learning care as a component of a Federal child care initiative?

Secretary Cavazos: The President and the Governors have jointly endorsed the national goal of getting all children ready to attend school. National visibility for this goal will encourage parents and educators to provide what we have called "learning care" --early education that is designed to foster the cognitive, social, emotional, and physical development of young children.

In addition to the Administration's support for a major funding increase for Head Start and for refundable tax credits for low-income families, the Department of Education has requested that the FY 1991 budget for the Even Start program be doubled in size, to $48 million. Even Start helps educationally disadvantaged parents of children below age 7 become full partners in the education of their children by integrating early childhood education and adult education for parents into a unified program. We can make no more important contribution to preparing children for school than by showing parents the critical role they play in educating their children, beginning in the earliest years.

FOSTERING LEARNING CARE IN PUBLIC SCHOOLS

Mr. Porter: What efforts are you making to encourage learning care through use of public school facilities, and through public/private partnerships?

Secretary Cavazos: Department programs such as Chapter 1, bilingual education, and special education provide resources for prekindergarten programs in the schools. In addition, several Department studies will provide new information on the variety of public and private programs serving young children. These studies and the type of data they will produce are:

- The Profile of Child Care Settings, which will describe the extent and nature of licensed or regulated family day care homes and child care centers, including those based in the schools. We have just finished collecting data from some 2,600 providers across the Nation. By late fall, we will have detailed information on early education and care including such topics as enrollment, fees, goals and activities, and staffing.
- A follow-up study to the Profile of Child Care Settings, which will allow us to observe children and their teachers in a variety of preschool programs to learn more about children's experiences in care. In the study, we will emphasize the school-based preschools that receive funding from Chapter 1 and chart the development of a sample of children in these programs over an 18-month period.
- A study of Before and After School Care Programs for children between the ages of 5 and 13. This study will survey a nationally representative sample of public and private schools, child care centers, and other providers to learn about the prevalence and characteristics of such programs. We will emphasize programs in public schools and those serving disadvantaged children.

STUDENT LOAN REPORTING REQUIREMENTS--COMMUNITY COLLEGES

Mr. Porter: Please respond to the concerns raised by Oakton Community College in a letter dated February 13, 1990 to my office (copy attached for the record) regarding the student loan reporting requirements for community colleges.

Secretary Cavazos: We appreciate Mr. TenHoeve's concern regarding the additional burdens placed on schools by the Department's default reduction regulations. However, the default problem is so critical that every participant in the student loan programs has been called upon to help resolve the problem.

All institutions have been required to implement placement and completion data measures because default costs are a serious problem in every sector of postsecondary education and because students in all sectors need to be protected through these "consumer disclosure" provisions.

Oakton Community College

Office of the President

1600 East Golf Road
Des Plaines, IL 60016-1268
(312) 635-1801
FAX (312) 635-1987

February 13, 1990

The Honorable John Porter
1501 Longworth House Office Building
Washington, D.C. 20515

Dear Congressman Porter:

Recently, I wrote to you expressing my deep concern, and that of all the other 50 Illinois community college presidents, regarding the U.S. Department of Education's new Guaranteed Student Loan Program regulations.

The Illinois Council of Public Community College Presidents have communicated in writing their unanimous opposition to this unfair action by the DOE, and have sent representatives in person to voice our position that these new regulations do more harm than good.

The earlier extensive comments to the DOE on these issues by the higher education community were never seriously recognized. Now, in response to our recent efforts, as the enclosed letter typifies, it is "business as usual" by the Washington bureaucracy--they are going to do what they want, broader over regulating, and inappropriate procedures and calculations without fully understanding or accepting what is reality in the field.

The official response by DOE to the Illinois Community College President's Council is pitiful. An issue of this magnitude and scope didn't even warrant the response of anyone in the U.S. DOE higher than an Acting Division Director.

Generally speaking, the community colleges are not the major culprits in the loan default problem; yet we are being forced into high cost, extensive paper work procedures. The efforts to control the default rate are not focused on those proprietary institutions which have abused this financial vehicle and the financial institutions which issue the loans. The lending institutions control all their other acts of business, why do they bear no responsibility in monitoring these loans?

The community colleges are fiscally accountable. We have an outstanding "track record" of enabling large numbers of American citizens the opportunity to further their education and career goals, and of fostering the development of productive, responsible taxpayers. The actions by the Department of Education on this matter are more hinderance to community colleges than value in helping us achieve those goals.

Certainly the default rate and integrity of the program need to be rectified. However, I urge you to please convey your displeasure to the executive branch on how the issue is being addressed. The solution needs to come through actions applied to the offenders--not via blanket regulations, and by making originating lenders more responsible.

Please call me if you have any questions that I can answer for you on this matter.

Sincerely yours,

Thomas TenHoeve
President

Enc.

UNITED STATES DEPARTMENT OF EDUCATION
WASHINGTON, D.C. 20202

ASSISTANT SECRETARY
FOR POSTSECONDARY EDUCATION
OFFICE OF STUDENT FINANCIAL ASSISTANCE

DEC 28 1989

Mr. Raymond D. Woods
President
Kaskaskia College
Shattuc Road
Centralia, Illinois 62801-9285

Dear Mr. Woods:

Secretary Cavazos has asked me to respond to your recent letter on behalf of the Illinois Council of Public Community College Presidents in which you express concerns regarding the implementation of the Department's default reduction regulations that were published on June 5, 1989. Specifically, you requested that the Department exempt community colleges from the consumer disclosure provisions of 34 CFR 668.44 of the regulations. I appreciate the time I was able to spend with you and Mr. Robert Keys recently. During our discussion you certainly reinforced many of the concerns being expressed by other schools across the country. I hope that our discussion also provided you with a better understanding of the goal we are trying to achieve, i.e., creating competition based upon quality.

The Department appreciates the effort that schools are making to implement various provisions of the default reduction regulations. In order for a prospective student to make an informed decision about the probability of success in a particular program, we believe a school must provide the student with information concerning its track record in that area. The Department believes that if all schools offering nonbaccalaureate vocational programs provide comparable disclosures of their former students' success rates, the schools that are successful in delivering a quality education will enjoy a competitive advantage in attracting students. Moreover, we believe these disclosures are critical to the integrity and viability of the Title IV programs, through which the Department will provide more than $19 billion during FY 1990 to assist students in pursuing their educational goals.

The Secretary expects schools to make a diligent, good faith effort to provide the required disclosures to all regular students enrolling in covered programs for periods of enrollment beginning on or after December 1, 1989. To assist schools in complying with this provision, the Department recently prepared the enclosed Dear Colleague letter to address the various technical issues related to the consumer disclosures raised by you and other program participants. We believe that the information contained therein will serve to ease the administrative burden associated with this regulatory requirement.

In your letter, you also indicate that some community colleges are considering terminating their participation in the Guaranteed Student Loan (GSL) programs in order to relieve themselves of the requirements of the default regulation, particularly the consumer disclosure provisions of 34 CFR 668.44. Should a school take this action, it would not be subject to the default reduction requirements in the GSL sections of the regulations, or to §§668.15(b) and (e) of the general provisions regulations that require schools at certain levels of default to submit for the Secretary's approval a default management plan and to take other specified reasonable and appropriate measures to reduce defaults. However, a school is still expected to comply with the consumer disclosure requirements of §668.44 of the general provisions regulations and must also provide GSL borrowers still enrolled in the school with the exit counseling required under 485(b) of the statute.

The Secretary believes that all parties responsible for the administration of the programs--the Department, lenders, schools, and guarantee agencies--are enlisted through various aspects of the default reduction initiative, in the effort to reduce defaults and ensure the future viability of these programs. As we discussed during our recent visit the "default reduction initiative" began many years ago. In 1986 we published final regulations specifying, for the first time, step by step procedures lenders and guarantee agencies must follow in trying to prevent borrowers from defaulting on their student loans and collecting from those that do. Federal payments are contingent upon compliance with these requirements.

We believe that taken together, the final regulation issued on June 5, the NPRM also published on that date, legislative proposals sent to Congress, and other administrative steps taken by the Department constitute a forceful, comprehensive, and equitable approach to the default issue.

Again, I appreciate having the opportunity to discuss this and other issues with you and Mr. Keys in our recent meeting. If you have additional questions or concerns, please contact me at area code 202-732-5217.

Sincerely,

Larry Oxendine

Larry Oxendine
Acting Director, Division of
Policy and Program Development

Enclosure

The Department recently studied a random sample of 7,392 Stafford loan borrowers who took out their last loan in 1983 and who had entered repayment by the end of 1987. The following default rates for that cohort were calculated for each educational sector:

Type of School	Default Rate
Proprietary	37.3%
Public 4-year	10.7%
Public 2-year	26.6%
Private 4-year	10.4%
Private 2-year	20.9%
All Schools	20.1%

As Mr. TenHoeve infers in his letter, the highest default rate is found in the proprietary sector. Note, however, that public 2-year schools have the second highest default rate, two-and-one-half times that of the 4-year sector. It is obvious from these data that there is much that schools in all sectors can do to help reduce the incidence of defaults. The default reduction regulations were promulgated for just this reason.

In November 1988, I published a Notice in the Federal Register requesting comments on a broad range of default-related issues. As a result, the Department received over 1,200 comments from schools, lenders, guarantee agencies, educational associations, and the public. Each comment received was carefully reviewed and seriously considered as input to the final regulations published on June 5, 1989.

In addition to these regulations, the Department is working on legislative and administrative initiatives that focus on all participants in the student loan programs -- borrowers, schools, lenders, guarantee agencies, and the Department itself. The school's role in the student loan programs includes providing quality education, disseminating information to students regarding the schools' programs and student financial aid, and counseling students concerning loans and debt management. Many of the provisions in the June 5 regulation were included to ensure that schools adequately perform this role.

The lender's role in the student loan programs is to provide capital for student loans, and to follow due diligence in the making, servicing, and collecting of these loans. The Department and guarantee agencies have increased their monitoring and enforcement of lender due diligence as rigorously and thoroughly as the Department has implemented the school default reduction requirements. Moreover, several of the Department's legislative proposals would put additional requirements on lenders and guarantee agencies.

CHAPTER 1 FLEXIBILITY

Mr. Porter: Mr. Secretary, my local school districts tell me that the process of disbursing and accounting for Chapter 1 funds is a real nightmare. As I understand it, a school must show that each Chapter 1 dollar received was spent directly on a Chapter 1 eligible student. The money cannot be used for a program generically targeted at lower-income students if a few of them are not Chapter 1 eligible.

I understand the need to make sure that Chapter 1 monies go for their intended purpose, but is there any way to make this process less burdensome or more flexible? Do you have any proposals concerning this?

Secretary Cavazos: As a result of the education summit held with the Nation's Governors last fall in Charlottesville, Virginia, the President and the National Governors' Association are examining legal and structural impediments that exist to providing States and localities with more flexibility in the use of Federal education funds. Based on this examination we will consider legislative, regulatory, and administrative initiatives that would add flexibility to the way Chapter 1 and other Department programs operate at the State and local levels.

TARGETING OF CHAPTER 1 FUNDS AT THE LOCAL LEVEL

Mr. Weber: Recently, a problem involving Chapter 1 funding in my district has come to my attention. As you know, some school districts include more affluent schools which do not qualify for Chapter 1 funding. However, if the school that does not qualify for Chapter 1 attempts to set up an equivalent program with local funding, Minnesota's interpretation of Federal guidelines states that the district must provide the same funds to "target" schools already receiving Chapter 1 funding. Do present guidelines offer any flexibility on this matter? I hope that your office will look into this problem soon. A change would not require any extra Federal spending, and it would not result in inequities, as target schools are already receiving Federal funding for these programs under Chapter 1.

Secretary Cavazos: The statute currently provides school districts with flexibility in this area. Section 1018(c) of Chapter 1 requires that schools receiving Chapter 1 services receive the same or comparable services from State and local sources as non-Chapter 1 schools. Section 1018(d), however, allows a local educational agency (LEA) to exclude local funds spent for compensatory education programs in determining whether services for non-Chapter 1 and Chapter 1 schools are comparable, provided that the local compensatory education program is similar to the Federal Chapter 1 program. Section 1018(d) further specifies that the State educational agency (SEA) determines whether a local compensatory education program is similar to Chapter 1. Thus, a local school district may operate a local compensatory education program in a non-Chapter 1 school and would not be required to provide that same program in a Chapter 1 school so long as the local compensatory education program is similar to Chapter 1.

COMPARISON OF STATE AND FEDERAL LEVELS OF SUPPORT FOR COMPENSATORY EDUCATION PROGRAMS

	State Funds Supporting Compensatory Education Programs	Federal Compensatory Education Funds
1978	$489,358,713	$2,018,803,180
1987	1,100,000,000*	3,414,587,994
Percent Increase 1978-1987	125%	69%

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* Estimate based on the results of a telephone survey conducted in 1987.

FY 1991 MOYER REPORT

Mr. Natcher: Insert at the end of your questions submitted for the record, a set of the revised 1991 "Moyer" reports as requested by the Committee.

Secretary Cavazos: The requested FY 1991 Moyer Report is included below. This year, in addition to 12 fiscal tables, the Moyer Report includes new narrative reports on the following subjects:

TABLES

page

Appropriations History....................................182
Literacy and Illiteracy...................................188
Dropouts and School Completions...........................196
Student Loan Delinquencies and Defaults...................199
Student Aid Participation and Expenditures................208
Drugs and Drug-free Schools...............................213
Federal Education Research and Development................221
Educational Statistics....................................227
Chronological and International Comparisons
of School Achievement....................................237

DEPARTMENT OF EDUCATION

Education Activities Requiring New or Modified Legislation for the Fiscal Year 1991 Budget Request

I. Requests in the 1991 budget for which legislative authority has expired or is due to expire on September 30, 1990.

	Fiscal Year 1991 Estimate
School Improvement Programs	
Education for Homeless Children and Youth:	
Grants for State Activities (Stewart B. McKinney Homeless Assistance Act, Section 722) 1/	$5,000,000
Grants for Exemplary Programs (Stewart B. McKinney Homeless Assistance Act, Section 723) 1/	2,500,000
Dropout Prevention Demonstrations (Elementary and Secondary Education Act, Title VI, Parts A and C)	45,000,000
Education for the Handicapped	
Special Purpose Funds:	181,865,000 2/
Deaf-blind projects (Education for the Handicapped Act (EHA), Part C, Section 624) 3/	
Severely handicapped projects (EHA, Part C, Section 624) 3/	
Early Childhood education (EHA, Part C, Section 623) 3/	
Secondary transitional services (EHA, Part C, Section 626) 3/	
Postsecondary programs (EHA, Part C, Section 625) 3/	
Innovation development (EHA, Part E) 3/	
Media and Captioning Services (EHA, Part F) 3/	
Special education technology (EHA, Part G) 3/	
Special studies (EHA, Part B, Section 618) 3/	

DEPARTMENT OF EDUCATION

Education Activities Requiring New or Modified Legislation for the Fiscal Year 1991 Budget Request

I. Requests in the 1991 budget for which legislative authority has expired or is due to expire on September 30, 1990.

	Fiscal Year 1991 Estimate
Education for the Handicapped (continued)	
Special education personnel development (EHA, Part D, Sections 631, 632 and 634) 3/	
Recruitment and information clearinghouses (EHA, Part D, Section 633) 3/	
Regional resource centers (EHA, Part C, Section 621) 3/	
Vocational and Adult Education	
Vocational education	$929,675,000 4/
Basic Grants:	
Basic State Grant (Carl D. Perkins Vocational Education Act) (CDPVEA), Title II) 5/	
Indian and Hawaiian natives (CDPVEA, Section 103) 5/	
Community-Based Organizations (CDPVEA, Title III, Part A) 5/	
Consumer and Homemaking Education (CDPVEA, Title III, Part B) 5/	
State Councils (CDPVEA, Section 112) 5/	
Vocational and Adult Education (continued)	
National Programs:	
Research (CDPVEA, Title IV, Part A) 5/	
Data Systems (CDPVEA, Title IV, Part C) 5/	
Bilingual vocational education (CDPVEA, Title IV, Part E) 5/	

DEPARTMENT OF EDUCATION

Education Activities Requiring New or Modified Legislation for the Fiscal Year 1991 Budget Request

I. Requests in the 1991 budget for which legislative authority has expired or is due to expire on September 30, 1990.

	Fiscal Year 1991 Estimate
Adult Education	
Literacy training for Homeless Adults (Stewart B. McKinney Homeless Assistance Act, Title VII, Part A) 1/	$10,000,000
Libraries	
Interlibrary cooperation (LSCA, Title III) 3/	20,372,000
Library literacy programs (LSCA, Title VI) 3/	8,365,000

1/ The GEPA extension applies through September 30, 1991.

2/ Specific amounts for Special Purpose Fund programs will be determined after enactment of reauthorizing legislation.

3/ The GEPA extension expires September 30, 1990; new authorized legislation is pending.

4/ Specific requests for vocational education programs will be determined after enactment of reauthorizing legislation.

5/ The GEPA extension expires September 30, 1990; new authorizing legislation is pending.

DEPARTMENT OF EDUCATION

Education Activities Requiring New or Modified Legislation for the Fiscal Year 1991 Budget Request

II. Requests in the 1991 budget for which new authorizing legislation is required: i.e. no authorizing legislation currently exists.

	Fiscal Year 1991 Estimate
Compensatory Education for the Disadvantaged	
Presidential Merit Schools 1/	$225,000,000
School Improvement Programs	
Alternative Certification of Teachers and Principals 1/	25,000,000
Presidential Awards for Excellence in Education 1/	7,600,000
Magnet Schools of Excellence 1/	100,000,000
Higher Education	
National Science Scholars 1/	5,000,000
HBCU Endowment grants 1/	15,000,000

1/ Legislation authorizing these programs is included in the Educational Excellence Act of 1989 now pending before the Congress.

DEPARTMENT OF EDUCATION

Education Activities Requiring New or Modified Legislation for the Fiscal Year 1991 Budget Request

III. Requests in the budget for which modifications or substitutions to the existing legislation are proposed.

	Fiscal Year 1991 Estimate
Elementary and Secondary Education	
Impact Aid	
Payments for "b" children	$25,000,000
Construction	27,000,000

Proposed amendments would (1) limit payments under Section 3(b) to children connected with federally subsidized, low-rent housing; (2) eliminate from all Section 3 eligibility and calculations all Section 3(b) children who do not live on our have parents who are employed on federally subsidized, low-rent housing; and (3) extend the availability of funds for construction activities and modify the formula for the distribution of construction funds.

School Improvement	
Leadership in Educational Administration (LEAD) program	4,215,000
Fund for the Improvement and Reform of Schools and Teaching (FIRST)	8,358,000
Drug-Free Schools and Communities	593,300,000

Proposed amendments would (1) extend the availability of funds to cover the final year of funding for the LEAD program; and (2) override percentage allocations in authorizing legislation for FIRST and Drug-Free Schools and Communities programs.

Bilingual Education	175,393,000

Proposed amendments would (1) override statutory allocation and fellowships requirements; and (2) reserve funds for a special competition limited to school districts with large numbers of recently arrived limited English proficient students.

Education for the Handicapped	2,137,421,000

Proposed amendments would extend the period of availability for States to obligate 1989 funds.

DEPARTMENT OF EDUCATION

Education Activities Requiring New or Modified Legislation for the Fiscal Year 1991 Budget Request

III. Requests in the budget for which modifications or substitutions to the existing legislation are proposed.

	Fiscal Year 1991 Estimate
Postsecondary Education	
Student Financial Assistance	$6,352,415,000

Proposed amendments would (1) make Pell Grant funds available for three fiscal years; (2) override authorizing language and establish a $2,300 maximum Pell Grant award; (3) permit the Secretary to prescribe special circumstances under which the definition of "annual adjusted family income" may be modified; and (4) requires evidence of students' ability to compete in order to establish eligibility student financial assistance.

Other	
Special Institutions for the Handicapped	117,979,000

Proposed amendments would merge the separate accounts for the American Printing House for the Blind, the National Technical Institute for the Deaf, and Gallaudet University into one account with separate, specific earmarks for each institution.

Research, Statistics, and Improvement of Practice	25,000,000

Proposed amendments would set aside funds for a new program to improve the training and skills of school principals.

DEPARTMENT OF EDUCATION

New Programs in the Fiscal Year 1991 Budget

Account and Program	FY 1991 Estimate
Compensatory Education for the Disadvantaged:	
Presidential merit schools	$125,000,000
Impact Aid:	
Facilities for unhoused children	7,000,000
School Improvement Programs:	
Alternative certification of teachers and principals	25,000,000
Presidential awards for excellence in education	7,600,000
Magnet schools of excellence	100,000,000
Dropout prevential demonstrations	45,000,000
Special Institutions for the Handicapped:	
Gallaudet University construction	2,500,000
Evaluation studies	500,000
Higher Education:	
National science scholars	5,000,000
Research, Statistics, and Improvement of Practice:	
Evaluation of reform	3,000,000
Dropout prevention	5,000,000
Principal training	25,000,000
Education summit follow-up	20,000,000
Total	370,600,000

DEPARTMENT OF EDUCATION
FISCAL YEAR 1991
PROPOSED LEGISLATIVE PROGRAM

CROSS-CUTTING LEGISLATION

1. Educational Excellence Act

The Department continues to support and seek enactment of the Educational Excellence Act of 1989 (H.R. 1675/S. 695), which the President submitted to Congress on April 5, 1989. This bill includes the following major education initiatives:

- Presidential Merit Schools, to provide cash awards to schools based on criteria related to improved student performance in basic skills, creation of a safe and drug-free environment, and a reduction in the dropout rate.
- Magnet Schools of Excellence, to extend the benefits of magnet school programs and parental choice to more communities, including those that are not eligible under the current Magnet Schools Assistance program.
- Alternative Certification of Teachers and Principals, to assist States in expanding the pool of talent from which they draw teachers and principals.
- Presidential Awards for Excellence in Education, to reward teachers in every State who meet the highest standards of excellence.
- National Science Scholars, to assist students who have demonstrated outstanding achievement to study mathematics, science, and engineering at the undergraduate level.
- Drug-Free Schools Urban Emergency Grants, to provide one-time grants to school districts located in urban areas with the most severe drug problems. (NOTE: This proposal was enacted as "Emergency Grants" under P.L. 101-226.)
- Historically Black Colleges and Universities grants, to provide additional endowment matching funds to those institutions.

2. Educational Improvement through Flexibility Act

As part of the Summit follow-up, the Department intends to work with the Governors and others to develop legislation that would hold schools accountable for results in exchange for waiving certain statutory and regulatory requirements that may impede the effective use of Federal and other resources.

3. General Education Provisions Act Technical Amendments

The Department will propose legislation to conform GEPA to other laws governing ED, including the Department of Education Organization Act, and repeal GEPA provisions that are duplicative of other laws, have outlived their puposes, have proved unworkable, or are inconsistent with Administration policy. The Department's bill has been submitted to the Office of Management and Budget for clearance. It will be transmitted to the Congress when final agreement has been reached.

4. Section 213 of the Department of Education Organization Act (Intergovernmental Advisory Council on Education)

The Department will continue to seek repeal of Sec. 213 of the Department of Education Organization Act, authorizing the Intergovernmental Advisory Council on Education. (NOTE: This amendment has been included in S. 1109, the Senate Committee-passed vocational education reauthorization bill.)

ELEMENTARY, SECONDARY, AND VOCATIONAL EDUCATION

5. Vocational Education Excellence Act

The Department continues its strong support of the Vocational Education Excellence Act (H.R. 2329/S. 1133), the Administration's proposal for reauthorization of the Carl D. Perkins Vocational Education Act, submitted to Congress on April 10, 1989. This legislation would improve the operation of the Federal vocational education program in the following key areas:

- Accountability — The bill would require States to develop and apply performance standards related to students' improvement in basic skills, their acquisition of occupational competencies, and their success in the labor market.

- Program simplification and enhanced flexibility — The bill would eliminate most of the funding set-aside and separate categorical programs in current law.

- Program improvement — The bill would focus Perkins Act program improvement funds on educational personnel development, acquisition of equipment, and curriculum development and would improve the Perkins Act national programs.

- Economic development — The bill would strengthen the link between vocational programs and the labor market and would enhance coordination with Job Training Partnership Act programs.

6. Immigrant Education

The Department continues to support legislation, submitted to Congress March 29, 1989, to improve the Emergency Immigrant Education program (Title IV, Part D of the Elementary and Secondary Act of 1965). As the program currently operates, grants for general assistance are made to school districts with a substantial concentration (500 students or 3 percent of enrollment, whichever is less) of immigrant children. The bill would make the program a more effective vehicle for meeting the educational needs of immigrant children by:

(1) permitting funds to be used only for supplementary educational services, and not for "associated costs" (which has been interpreted to include almost any LEA expenditures);

(2) adding a "supplement, not supplant" provision to the legislation:

7. Amendments to Chapter 1 Programs

- Authority for States to reserve Even Start funds for administration — Current law does not permit any funds to be used for administrative expenses, even though each State must establish a panel to review applications and must meet other administrative requirements. The Department proposes permitting States to set aside 1 percent of their Even Start allocations for administration.

- Minimum State allocation under the Secondary School program — Current law requires that each State receive at least one-quarter percent of the amount allocated by formula. "State" is defined (in ESEA Section 1471(22)) to include the 50 States, D.C., Puerto Rico, and each of the Outlying Areas. If the law is not amended, each of the Outlying Areas would receive a windfall allocation. The Department proposes limiting the small-State minimum to the 50 States, the District of Columbia, and Puerto Rico.

- Transition language for the Even Start program — Amendments are needed to provide that the costs of continuation grants are taken into consideration in determining when Even Start becomes a formula program and in determining minimum State grants. Parallel language may be needed in other ED programs that have authority to shift from discretionary to formula grants.

8. Elementary and Secondary Education Technical Amendments

The Department will submit legislation to correct technical errors in P.L. 100-247, the Hawkins-Stafford Elementary and Secondary School Improvement Amendments. A draft bill was sent to OMB on August 11, 1989.

POSTSECONDARY EDUCATION

9. Student Loan Default Reduction Amendments of 1989

On June 30, Secretary Cavazos submitted the Student Loan Default Reduction Amendments of 1989 to the Congress. Provisions of the Amendments (the Secretary's emergency suspension authority and rules regarding recertification of schools losing accreditation) have been incorporated into the recently enacted Omnibus Budget Reconciliation Act of 1990. The Administration plan would, in addition:

- require all Federal student aid applicants without a high school diploma or GED to pass a test, designed and administered by a third party determined by the Secretary to be truly independent of the school, before enrollment;
- establish a *pro rata* tuition refund requirement for all Federal student aid recipients at schools with default rates above 30 percent;
- prohibit the use of commissioned recruiters and admissions personnel in enrolling students in schools that accept Federal student aid funds;
- require lenders to offer optional graduated loan repayment schedules to all student loan borrowers;
- authorize guarantee agencies to garnish the wages of defaulters, up to 10 percent of disposable earnings;

10. Higher Education Act

The proposals for 1991 will be limited to amendments that are necessary for implementation of 1991 budget policy, together with policies earlier contained in the "Student Loan Default Reduction Amendments of 1989" which were submitted to Congress last year. These amendments will primarily affect student aid.

The Department's major 1991 proposals to modify the Higher Education Act are described below in the order of the related current titles of the Act. (Titles and programs not mentioned below would not be amended.)

- Title IV, Part A, Subpart 1: Pell Grant Program

  Proposed legislation would continue emphasis on improving program equity and integrity while promoting educational opportunity and access by eliminating aid officer discretion to adjust the expected family contribution and cost of education on an individual basis (see Part F, below).

- Title IV, Part B: Guarantee Student Loans (GSL) Programs

  Our GSL proposals will continue the following 1990 policies aimed at reducing Federal default costs.

(1) Guarantee agency cost-sharing would be introduced by establishing a reinsurance rate at 90 percent for all guarantee agencies and establishing a flat reinsurance fee rate at 0.5 percent.

(2) Other default reduction reforms include:

  (a) Delaying the disbursement of loans for borrowers for 30 days from the student's first day of classes. (The Reconciliation Act applied the 30-day delay to SLS only.)

  (b) Requiring credit checks on all borrowers over age 21, and requiring co-signers for those applicants with a poor credit rating. (Also applies to Perkins Loans and ICLs.)

  (c) Requiring students to provide their driver's license numbers and other locator information to lenders at the time of application. (Also applies to Perkins Loans and ICLs.)

o Title IV, Part D: Income-Contingent Loans

The proposed legislation would expand and, in some operational respects, modify the limited demonstration program of Income-Contingent Loans (ICLs). Specifically, the amendments would alter the program in the following ways:

(1) The current limit on the number of participating institutions would be repealed. (The exact number of participant institutions would be determined administratively, in view of available Federal capital.) Also, consortia of institutions would be eligible.

(2) In addition to undergraduate borrowing, graduate borrowing would be authorized. Graduate borrowing would be limited to $10,000 per year, with a $50,000 aggregate limit.

o Title VII, Parts F and H: Construction, Reconstruction, and Renovation of Academic Facilities

Our facilities proposals will continue policies designed to reduce Federal expenditures for non-essential purposes and eliminate unnecessary restrictions on the Secretary's ability to pursue the Government's best financial interest. Proposed legislation would delete the prohibition on loan sales in fiscal year 1991 and beyond. This will enable the Secretary to pursue the Government's best financial interests by selling the final and remaining loans in the portfolio and thus eliminating an administrative inefficiency.

- Higher Education Amendments of 1986

  The Department will continue to seek repeal of the following sections of the 1986 Amendments: Study on Establishing a National Endowment for International Studies (Sec. 1302); an Evaluation of Continuing Education (Sec. 1304); the Alien Youth Education Opportunity Panel and its required report (Sec. 1361); and requirements for a special student aid report (Sec. 483 (f)).

- Howard University (20 U.S.C. 130aa-5)

  Proposed legislation would reauthorize the Howard University Endowment Act of 1984 (P.L. 98-480) in order to provide specifically for Federal matching funds for the Howard University endowment for fiscal years 1991 through 1995. The Department would continue to seek an increase in the rate of Federal matching (two-to-one matching for non-Federal contributions over $1 million, and three-to-one matching for such contributions in excess of $2 million each year).

SPECIAL EDUCATION, REHABILITATION, AND RESEARCH

11. Education Research

The Department proposes to submit a bill later this year to reauthorize section 405 of the General Education Provisions Act.

12. Education of the Handicapped Act Amendments of 1989

The Department is awaiting the enactment of reauthorization legislation. The Senate passed a reauthorization bill on November 16, 1989. No action has been taken by the House. The Senate bill reauthorizing the Education of the Handicapped Act emphasizes improving services for minorities, early intervention services, and knowledge dissemination. It also includes a new authority for projects for severely emotionally disturbed children, expands the types of transitions addressed by the transitional services program, shifts responsibility for evaluating the implementation of the Act from the Special Studies program to the Innovation and Development program, and removes authority to support severely handicapped projects under the deaf-blind authority.

DEPARTMENT OF EDUCATION

Appropriations Language Provisions and Earmarks which Modify or Go Beyond Authorizing Legislation
Fiscal Year 1991

The following appropriation accounts have language which modifies or goes beyond authorizing legislation:

Compensatory Education for the Disadvantaged
Impact Aid
School Improvement Programs
Bilingual and Immigrant Education
Education for the Handicapped
Rehabilitation Services and Handicapped Research
Special Institutions for the Handicapped
Vocational and Adult Education
Student Financial Assistance
Higher Education
Howard University
Higher Education Facilities Loans
College Housing and Academic Facilities Loans
College Housing Loans
Research, Statistics, and Improvement of Practice
Libraries
Program Administration

Fiscal year 1991 appropriations language and language analysis for these accounts follow.

T-14
Page 1 of 2

DEPARTMENT OF EDUCATION

Total Department of Education Budget Authority 1/
Fiscal Years 1972-1991
(in thousands of dollars)

Fiscal Year	Total Budget Authority	(Federal Funds)	(Trust Funds)
1991 Est. 2/	$24,618,311	($24,618,311)	(---)
1990 Est.	24,110,961	(24,110,960)	($1)
1989	22,956,424	(22,956,407)	(17)
1988	20,233,524	(20,233,506)	(18)
1987	19,608,102	(19,607,419)	(683)
1986	17,872,412	(17,872,412)	(---)
1985	19,077,345	(19,077,335)	(10)
1984	15,423,251	(15,423,251)	(---)
1983	15,397,238	(15,397,209)	(29)
1982	14,726,082	(14,725,985)	(97)
1981	14,895,237	(14,895,237)	(---)
1980	13,797,256	(13,797,256)	(---)
1979	12,635,386	(12,635,386)	(---)
1978	10,391,458	(10,391,458)	(---)
1977	9,527,392	(9,527,392)	(---)
1976	8,117,467	(8,117,467)	(---)
1975	6,759,548	(6,759,548)	(---)
1974	6,127,895	(6,127,876)	(19)
1973	6,237,223	(6,237,211)	(12)
1972	5,281,017	(5,281,013)	(4)

T-14
Page 2 of 2

DEPARTMENT OF EDUCATION

Total Department of Education Budget Authority 1/
Fiscal Years 1972-1991
(in thousands of dollars)

1/ Non-comparable. Table includes Federal funds and trust funds for all Department of Education subfunctions. Amounts reflect deductions for offsetting receipts.

2/ Includes total net budget authority decrease of $1,300,930 thousand resulting from proprosed legislative action, as follows:

(a) $1,062,070 thousand from proposed legislation proposed for later transmittal. (This amount includes $181,865 thousand in Education for the Handicapped, $929,675 thousand in Vocational and Adult Education and -$49,470 thousand in Guaranteed Student Loans.

(b) -$2,363,000 thousand from proposed legislation affecting Pell Grants.

Source: "Federal Programs by Agency and Account," Budget of the U.S. Government, Fiscal Year 1991.

T-17

DEPARTMENT OF EDUCATION

Total Employment, Fiscal Years 1980-1991 (Excluding Overtime)

	Total Positions Authorized (FTP) 1/	Total FTP Employment, End of Year	Total Workyears, All Employment (FTE)
1991 Est.	4,495 2/	4,495 2/	4,735 2/
1990 Est.	4,422 2/3/	4,404 2/	4,635 2/
1989	4,197	4,197 4/	4,424
1988	4,126	4,126	4,516
1987	4,249	4,249	4,413
1986	4,126	4,126	4,527
1985	4,389	4,389	4,877
1984	4,461	4,461	5,026
1983	4,563	4,563	5,369
1982	4,917	4,899	5,660
1981	5,493	5,532	6,883
1980 5/	6,444	5,639	5,946

Note: FTP means full-time permanent.
FTE means full-time equivalent (workyears).

1/ The Department's employment level is currently controlled only by FTE employment, not by number of positions. The numbers in this column represent the actual (1983 through 1989) and estimated (1990 and 1991) number of occupied FTP positions in the Department for the years since 1983. For prior years, the numbers reflect the authorized positions in the Department.

2/ Includes 48 FTP(Authorized and End of Year) and 50 FTE (Total Workyears) for Indian Education Administration, appropriated through the Subcommittee on Department of the Interior and Related Agencies Appropriations.

3/ Includes 18 positions in the Office for Civil Rights authorized by the Office of Management and Budget, that will remain vacant due to funding constraints.

4/ For 1989 and all prior years, as reported to OPM on SF 113A, line 30.

5/ Department of Education was not created until May 1980.

T-18

DEPARTMENT OF EDUCATION

Appropriations for which Funds Lapsed in Fiscal Year 1989

Appropriation	Identification Code	Unobligated Balance Lapsing
Compensatory Education for the Disadvantaged	91-0900	$ 316,241
School Improvement Programs[1]	91-1000	164,963
Indian Education[2]	91-0101	129,697
Bilingual, Immigrant and Refugee Education	91-1300	1,084,946
Education for the Handicapped	91-0300	1,501,283
Rehabilitation Services and Handicapped Research	91-0301	140,258
Vocational and Adult Education	91-0400	54,749
Student Financial Assistance	91-0200	738,613
Higher Education	91-0201	124,271
Education Research and Statistics	91-1100	12,854
Libraries	91-0104	340,532
Program Administration	91-0800	455,465
Office for Civil Rights	91-0700	401,121
Office of the Inspector General	91-1400	130,316

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[1] Includes $3,375 in recoveries of Excellence in Education (91X1800) funds transferred into the School Improvement Programs account. Authority to obligate this amount expired 9/30/89 under P.L. 100-436, 102 STAT. 1702.

[2] The Budget of the U.S. Government for Fiscal Year 1991 shows $639,000 as lapsing. However, $509,000 of this amount was reappropriated for FY 1990 by P.L. 101-121.

Sources: The Budget of the U.S. Government for Fiscal Year 1991
Year-End Closing Statement, TFS 2108

T-19

DEPARTMENT OF EDUCATION

Travel and Transportation of Things
(Object classes 21 and 22)
Fiscal Years 1989-1991 Appropriations

	1989 Actual	1990 Estimate	1991 Estimate
Departmental Management			
Program Administration	$3,850,000	$4,666,000	$6,287,000
Office for Civil Rights	665,000	655,000	1,167,000
Office of the Inspector General	1,181,000	1,560,000	1,640,000
Indian Education			
Program Administration	123,000	103,000	133,000
Total	5,819,000	6,984,000	9,227,000

DEPARTMENT OF EDUCATION

Total Federal Expenditures for Elementary, Secondary, and Vocational Education (Fiscal Years 1971-1990) (in millions of dollars)

1990 Estimate	9,527
1989	8,919
1988	8,413
1987	7,911
1986	7,832
1985	7,633
1984	6,520
1983	6,294
1982	6,780
1981	7,157
1980	6,908
1979	6,123
1978	5,186
Transition Quarter	1,207
1977	4,638
1976	4,690
1975	4,634
1974	3,771
1973	3,745
1972	3,952
1971	3,544

NOTE: Expenditures for Elementary, Secondary, and Vocational Education are Federal Budget Subfunction Code 501. (See also Moyer Table T-12.)

SOURCE: Budget of the United States Government, Fiscal Year 1991, and Budget Preparation System (BPS) Data Sections for the Fiscal Year 1991 Budget.

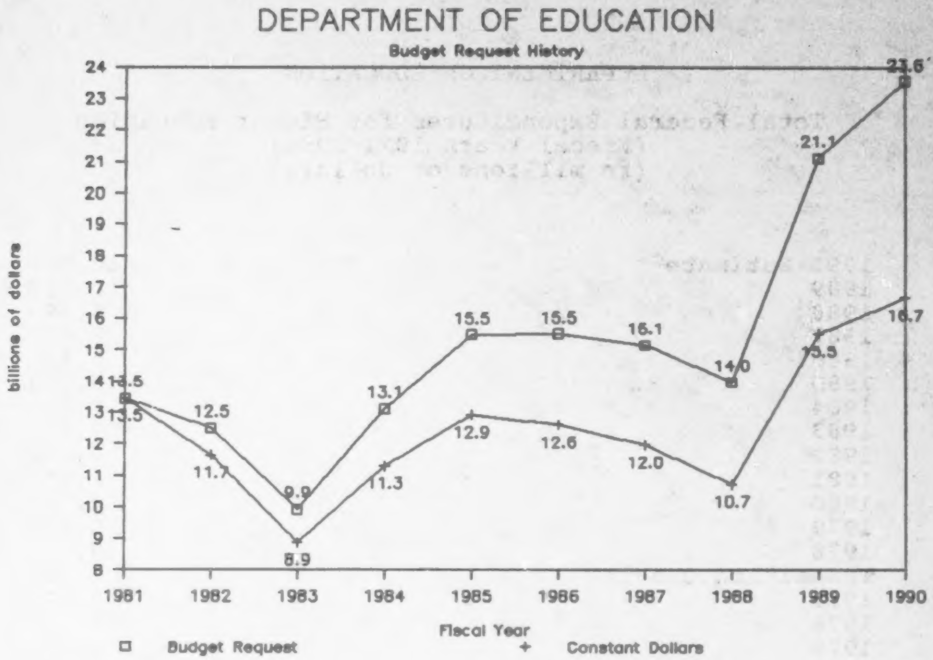
DEPARTMENT OF EDUCATION

Total Federal Expenditures for Higher Education
(Fiscal Years 1971-1990)
(in millions of dollars)

1990 Estimate	10,582
1989	10,695
1988	8,299
1987	7,406
1986	8,415
1985	8,211
1984	7,383
1983	7,231
1982	7,206
1981	8,866
1980	6,726
1979	5,058
1978	3,721
Transition Quarter	739
1977	3,209
1976	2,663
1975	2,050
1974	1,349
1973	1,532
1972	1,447
1971	1,433

NOTE: Expenditures for Higher Education are Federal Budget Subfunction Code 502. (See also Moyer Table T-12.)

SOURCE: Budget of the United States Government, Fiscal Year 1991, and Budget Preparation System (BPS) Data Sections for the Fiscal Year 1991 Budget.


DEPARTMENT OF EDUCATION
Budget Request History
billions of dollars
24
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12
11
10
9
8
1981
1982
1983
1984
1985
1986
1987
1988
1989
1990
Fiscal Year
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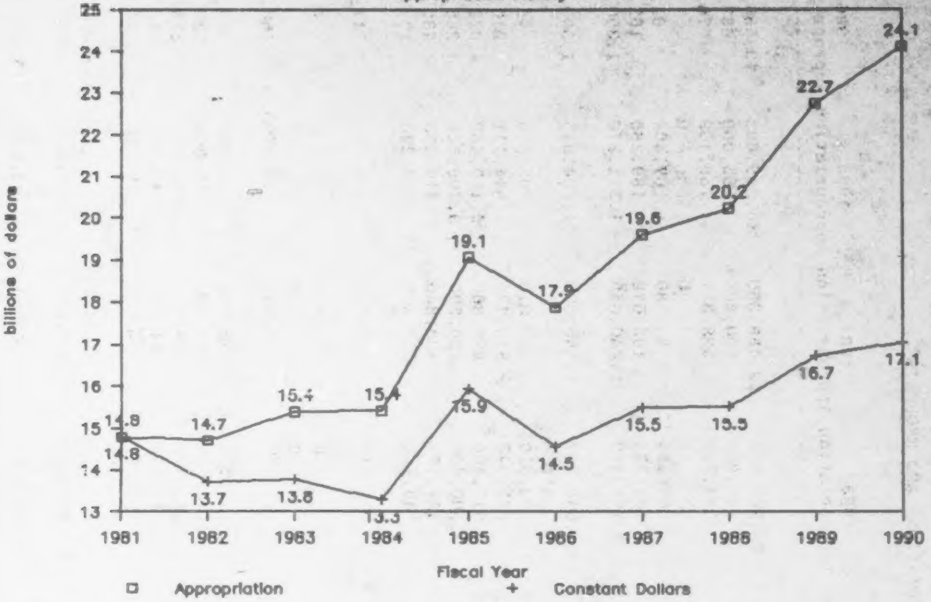
12.5
9.9
13.1
15.5
15.5
15.1
14.0
21.1
23.6
13.5
11.7
8.9
11.3
12.9
12.6
12.0
10.7
15.5
16.7
□ Budget Request
+ Constant Dollars

DEPARTMENT OF EDUCATION

Appropriation History



23-Feb-90

EDUCATION DEPARTMENT APPROPRIATIONS AND REQUESTS

(dollars in thousands) Account	1981 Appropriation	1982 Appropriation	1983 Appropriation	1984 Appropriation	1985 Appropriation	1986 Appropriation
Compensatory Education for the Disadvantaged	$3,111,620	$3,040,980	$3,207,894	$3,488,250	$3,695,663	$3,536,749
Impact Aid	681,750	456,200	540,200	600,300	695,000	682,722
School Improvement Programs	614,471	536,880	534,500	528,367	758,109	674,789
Chicago Litigation Settlement	0	0	0	0	0	0
Indian Education	81,680	77,852	69,185	68,780	67,404	64,187
Bilingual and Immigrant Education	157,467	134,372	134,371	165,679	169,265	161,994
Education for the Handicapped	1,025,231	1,068,580	1,199,402	1,240,645	1,321,270	1,350,336
Rehabilitation Services and Handicapped Research	953,749	952,171	1,045,347	1,155,600	1,234,015	1,309,761
Special Institutions for the Handicapped	75,004	83,310	83,310	89,010	95,610	95,231
Vocational and Adult Education	785,599	745,872	827,347	842,731	944,111	910,692
Student Financial Assistance	3,801,550	3,569,480	3,617,800	3,986,860	5,160,482	4,822,859
Guaranteed Student Loans	2,535,470	3,073,846	3,100,500	2,256,500	3,799,823	3,265,941
Higher Education	394,593	390,223	422,176	408,866	479,083	435,663
Howard University	133,983	145,200	145,200	156,200	158,230	157,168
Higher Education Facilities Loans and College Housing Loans	3,026	49,111	20,317	19,846	14,194	17,991
College Housing and Academic Facilities Loans	0	0	0	0	0	0
College Construction Loan Insurance	0	0	0	0	0	0
Receipts	(10,574)	(28,141)	(27,877)	(23,384)	(18,979)	(66,896)
Research, Statistics, and Improvement of Practice	74,561	61,979	64,203	56,978	59,978	57,399
Libraries	84,405	80,080	130,320	86,880	125,000	122,017
Program Administration	229,415	218,430	222,000	230,000	241,075	216,154
Civil Rights	46,915	45,038	44,868	44,396	45,000	42,704
Inspector General	11,464	11,994	12,840	14,961	15,312	14,654
Education and Reseach Overseas	3,000	960	516	1,133	0	0
Total, Budget Authority	14,794,379	14,714,417	15,394,419	15,418,598	19,059,645	17,872,115
President's Request	13,450,554	12,497,763	9,922,671	13,104,065	15,465,980	15,484,759

23-Feb-90

EDUCATION DEPARTMENT APPROPRIATIONS AND REQUESTS

(dollars in thousands) Account	1987 Appropriation	1988 Appropriation	1989 Appropriation	1990 Appropriation	1981-1990 Change	1981-1990 Percent Chng.
Compensatory Education for the Disadvantaged	$3,951,663	$4,336,543	$4,579,138	$5,318,361	$2,206,741	70.9%
Impact Aid	717,500	708,476	733,096	732,352	50,602	7.4%
School Improvement Programs	941,490	1,030,738	1,217,099	1,446,741	832,270	135.4%
Chicago Litigation Settlement	83,000	0	0	0	0	0.0%
Indian Education	64,036	66,326	71,553	73,620	(8,060)	-9.9%
Bilingual and Immigrant Education	188,981	191,751	197,394	188,674	31,207	19.8%
Education for the Handicapped	1,741,900	1,869,019	1,966,438	2,055,255	1,030,024	100.5%
Rehabilitation Services and Handicapped Research	1,484,758	1,590,400	1,668,070	1,780,212	826,463	86.7%
Special Institutions for the Handicapped	99,510	99,065	104,669	109,376	34,372	45.8%
Vocational and Adult Education	994,848	1,022,279	1,080,614	1,130,506	344,907	43.9%
Student Financial Assistance	5,483,000	5,544,792	5,814,320	6,090,766	2,289,216	60.2%
Guaranteed Student Loans	2,717,000	2,565,000	4,066,828	3,856,344	1,320,874	52.1%
Higher Education	480,428	534,471	565,729	623,544	228,951	58.0%
Howard University	170,230	172,203	178,973	182,446	48,463	36.2%
Higher Education Facilities Loans and College Housing Loans	19,205	0	0	0	(3,026)	-100.0%
College Housing and Academic Facilities Loans	60,000	62,231	31,315	35,129	35,129	0.0%
College Construction Loan Insurance	0	19,148	0	0	0	0.0%
Receipts	(80,268)	(80,659)	(62,805)	(85,238)	(74,664)	-706.1%
Research, Statistics, and Improvement of Practice	63,578	67,526	78,201	95,241	20,680	27.7%
Libraries	132,500	135,089	137,200	136,646	52,241	61.9%
Program Administration	234,692	241,028	250,464	273,303	43,888	19.1%
Civil Rights	43,000	40,530	41,635	44,572	(2,343)	-5.0%
Inspector General	16,378	17,560	18,619	23,110	11,646	101.6%
Education and Reseach Overseas	0	0	0	0	(3,000)	-100.0%
Total, Budget Authority	19,607,429	20,233,516	22,738,550	24,110,960	9,316,581	63.0%
President's Request	15,137,826	13,967,422	21,102,019	23,568,582	10,118,028	75.2%

23-Feb-90

EDUCATION DEPARTMENT APPROPRIATIONS AND REQUESTS

(dollars in thousands) Summary by Level	1981 Appropriation	1982 Appropriation	1983 Appropriation	1984 Appropriation	1985 Appropriation	1986 Appropriation
Elementary and Secondary	$6,457,818	$6,060,736	$6,512,899	$6,934,752	$7,650,822	$7,381,469
Postsecondary	6,933,052	7,283,029	7,361,426	6,893,898	9,688,443	8,727,957
Other	1,403,509	1,370,652	1,520,094	1,589,948	1,720,380	1,762,689
Total	14,794,379	14,714,417	15,394,419	15,418,598	19,059,645	17,872,115
(dollars in millions) Summary by Level						
Elementary and Secondary	6,458	6,061	6,513	6,935	7,651	7,381
Postsecondary	6,933	7,283	7,361	6,894	9,688	8,728
Other	1,404	1,371	1,520	1,590	1,720	1,763
Total	14,794	14,714	15,394	15,419	19,060	17,872
Percent by Level						
Elementary and Secondary	43.7%	41.2%	42.3%	45.0%	40.1%	41.3%
Postsecondary	46.9%	49.5%	47.8%	44.7%	50.8%	48.8%
Other	9.5%	9.3%	9.9%	10.3%	9.0%	9.9%
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

23-Feb-90

EDUCATION DEPARTMENT APPROPRIATIONS AND REQUESTS

(dollars in thousands) Summary by Level	1987 Appropriation	1988 Appropriation	1989 Appropriation	1990 Appropriation	1981-1990 Change	1981-1990 Percent Chng.
Elementary and Secondary	$8,683,418	$9,225,132	$9,845,332	$10,945,509	$4,487,691	69.5%
Postsecondary	8,949,105	8,916,251	10,699,029	10,812,367	3,879,315	56.0%
Other	1,974,906	2,092,133	2,194,189	2,353,084	949,575	67.7%
Total	19,607,429	20,233,516	22,738,550	24,110,960	9,316,581	63.0%
(dollars in millions) Summary by Level						
Elementary and Secondary	8,683	9,225	9,845	10,946	4,488	69.5%
Postsecondary	8,949	8,916	10,699	10,812	3,879	56.0%
Other	1,975	2,092	2,194	2,353	950	67.7%
Total	19,607	20,234	22,739	24,111	9,317	63.0%
Percent by Level						
Elementary and Secondary	44.3%	45.6%	43.3%	45.4%	N/A	N/A
Postsecondary	45.6%	44.1%	47.1%	44.8%	N/A	N/A
Other	10.1%	10.3%	9.7%	9.8%	N/A	N/A
Total	100.0%	100.0%	100.0%	100.0%	N/A	N/A

Department of Education
Literacy

	1987 Actual	1988 Actual	1989 Actual	1990 Actual	1991 Estimate
Adult education State programs........	$106.0	$115.4	$136.3	$157.8	$200.0
Adult education national programs.....	---	2.0	2.0	2.0	8.0
Literacy training for homeless adults.......	6.9	7.2	7.1	7.4	10.0
Workplace literacy partnerships..........	---	9.6	11.9	19.7	19.7
English literacy grants................	---	---	4.9	5.9	1.0
Library literacy programs..............	5.0	4.8	4.7	5.4	8.4
Student literacy corps.	---	---	4.9	5.0	5.0
Even Start.............	---	---	14.8	24.2	48.0
Family English literacy..............	2.6	4.5	4.6	4.9	5.5
Indian adult education.	3.0	3.0	4.0	4.1	4.2
OERI Adult literacy research center.......	---	---	---	---	1.0 1/
National Assessment of Adult Literacy........	---	--- 2/	--- 2/	.9	3.5

1/ Estimate. Some funds may be provided for this research center by the Labor Department.

2/ Funds for the National Assessment of Adult Education were provided under Adult Education National Programs in 1988 and 1989.

Background

Illiteracy is one of the most pressing educational problems facing the Nation, with social and economic implications that may reach well into the next century. Analysts currently disagree on a precise definition of literacy, partly because the level of skills necessary to function at an acceptable level vary from one situation to another. For example, an individual may be able to read and write at a minimal level, but may lack literacy skills to perform a moderately complex job. The lack of a definition of literacy has lead to disagreement on estimates of the precise number of illiterate adults in the United States. Some experts currently estimate that between 20 and 30 million adults are functionally illiterate -- 13 to 20 percent of the adult population. More work on this question is needed. In spite of this uncertainty, there is widespread agreement that illiteracy is an increasingly serious problem for our society and our economy.

The problem of illiteracy has many dimensions. For example many immigrants and other non-native English speakers are in need of English-as-a-second-language training. Data from the Census Bureau's 1982 English Language Proficiency Survey revealed that one-third of illiterate adults were born abroad and nearly all of those individuals spoke a non-English language at home. There is a different, but equally serious, illiteracy problem among native English-speaking adults, as well, particularly among school dropouts. The 1986 NAEP Young Adult Literacy Survey found that many young adults, while not "illiterate," were not fully "literate" for a technological advanced society. Only a small percentage of the young adults surveyed could perform more complex and challenging literacy-related tasks. This aspect of illiteracy has significant implications for productivity and employment of the workforce. Yet another dimension of the problem is that educational levels tend to be linked intergenerationally. Children of parents with low skill levels are at far greater risk of failing to achieve in school, compounding the educational and economic cost in the future.

In recognition of the seriousness of this problem, the President established, in his State of the Union address, a national goal that "by the year 2000, every adult American will be literate and possess the knowledge and skills necessary to compete in a global economy and exercise the rights and responsibilities of citizenship." Substantial effort and resources are already being focused to meet this goal, through literacy and adult education programs throughout the Department.

Adult Education State Programs

The Adult Education Act authorizes grants to the States and Outlying Areas to support programs that assist educationally disadvantaged adults in developing basic skills, including literacy, and in achieving certification of high school equivalency. This program is the cornerstone of Federal efforts to combat adult illiteracy and represents the bulk of Federal funds for literacy education.

State performance reports indicate that about 3 million persons received services under the Adult Education Act basic State programs grant in 1987-88. About 65 percent of these participants received instruction in basic skills or English as a second language. The remaining 35 percent received instruction leading to high school equivalency. Of the participants, 30 percent were limited English proficient and 7 percent were institutionalized adults. According to fiscal year 1988 annual reports received from States, over 22,000 participants left the welfare roles in 1987-88, over 114,000 participants obtained jobs, and another 69,000 participants received job promotions that they attributed to their additional education. Nearly 70,000 participants obtained a high school diploma or equivalency certificate.

Over the last fifteen years, State and local, as well as private sector, support for adult education has increased dramatically. The proportion of funding attributable to non-Federal sources rose from an estimated 26 percent in 1969-70 to 76 percent in 1986-87, according to State financial reports. Because the reauthorized Adult Education Act requires States to increase the match for Federal funds to 25 percent by 1992, non-Federal support for adult education is expected to increase even more rapidly.

Services are now provided not only through the public schools but through community-based organizations, community colleges, private businesses, churches, and labor unions. In recent years, business involvement has increased as well, as employers have begun to see tangible benefits for productivity in adult education programs. Hundreds of businesses now support adult literacy activities.

Adult Education National Programs

National efforts to advance the literacy education enterprise include research, evaluation, and development activities to assist the States and adult educators in improving programs.

Funds for National research and evaluation programs were appropriated in 1988 for the first time in many years. The availability of funds for this purpose has enabled the Department to embark on an ambitious program of activities including:

- The National Assessment of Adult Literacy, mandated by P.L. 100-297, that is using a survey methodology to produce estimates of the literacy of the adult population based on a nationally representative sample of adults. Adult Education Act funds were used to launch this new data series; beginning in 1990, funds are provided from the Research Statistics, and Improvement of Practice account. The first data from the survey will be produced in 1993;
- A multi-year study of a nationally representative sample of adult education programs, that will investigate seasonal and geographic patterns of participation, client characteristics, causes of client attrition, learning gains, and costs and outcomes, to be completed in 1992;
- Secondary analysis of existing data bases created by past studies, including the NAEP Young Adult Literacy Survey, to gain greater understanding of the information available in these data bases;
- Case studies of promising adult education programs to gather information on how programs work and identify effective approaches;

- A study of adult education curriculum materials and instructional strategies;
- A mandated study of federally supported programs that provide adult education services, funded and administered jointly with the Departments of Labor and Health and Human Services, to be completed late in 1990;
- A project to develop a resource base available to adult education teachers and administrators planning programs for migrant farmworkers;
- An Adult Basic Education (ABE)/English as a Second Language (ESL) teacher training project to review current practice in ABE and ESL instructor training, including volunteer training, and to identify and disseminate information on promising inservice and preservice training programs;
- Two field-initiated projects to develop technology that will assist adult education;
- A project, jointly supported with the Departments of Labor and Health and Human Services, to provide technical assistance to the States in administering the new JOBS program, authorized by the Family Support Act of 1988;
- A review of the Workplace Literacy program, to collect and assess data available from funded projects that may yield information on effective workplace literacy approaches, to be completed in 1991;
- An Adult Education Program Effectiveness Literature review and design study, to lay the groundwork for a large-scale, multi-year study of the effectiveness of programs supported under the Adult Education Act, and to provide recommendations for program improvements to inform the next reauthorization; and

In 1991, the Department plans to initiate a National Adult Education Clearinghouse, authorized by Section 384 of the Adult Education Act. This project will go beyond the traditional clearinghouse activities of collecting and disseminating information by providing leadership and support for an integrated program of research and development, identification and dissemination of best practices in adult education, and technical assistance and training to the adult education field. This clearinghouse will be a comprehensive resource center for information that can be used by Federal State and local agencies, national organizations, policymakers, researchers, and practitioners to establish, improve, or expand adult literacy programs. The center will be administered, by the Department, in consultation with the Department of Labor and other Federal agencies, and will be guided by an advisory group of literacy experts. A national center of this type will provide, for the first time, a focal point for research and information on adult education and literacy programs and will represent a major new Federal commitment to literacy education.

Literacy Training for Homeless Adults

Funds for this pogrom, which was initiated in 1987, are used for discretionary grants to States to provide literacy services to the homeless. States use the funds primarily for contracts with local educational agencies and homeless shelter operators to provide literacy programs in homeless shelters. This type of service can be especially beneficially for homeless individuals who may otherwise be unable to pursue adult education opportunities because of the many other problems they face.

Workplace Literacy Partnerships

This program provides discretionary grants for demonstrations to provide literacy training to meet workplace needs. These demonstration projects must be designed and operated by partnerships between business, industry, labor organizations, or private industry councils and SEAs, LEAs, IHEs, or schools. Employment and training agencies and community-based organizations are also eligible for grants. Services provided may include: adult secondary education; literacy training for limited English proficient adults; updating basic skills to meet the changing needs of the workplace; improving the competency of adult workers in speaking, listening, reading, and problem-solving; and educational counseling, transportation, and child-care services.

Since funds for this program first became available in 1987, the number of applications for grants has exceeded available resources, demonstrating widespread interest in providing literacy and basic skills education for adults through the workplace. Workplace literacy projects are generally of two types. Some projects provide basic skills training for workers who must master new technology in order to retain their jobs. Other projects provide English-as-a-second-language training for limited English proficient workers.

The Department has been active in providing leadership and promoting workplace literacy models as an avenue for the business community to become involved in the literacy movement. In November 1989, the Department jointly sponsored, with the Department of Labor and several business, industry, and labor organizations, a conference to promote workplace literacy programs.

English Literacy Grants

This new program provides formula grants to States to establish, operate, and improve English literacy programs for individuals of limited English proficiency. Funds may be used to provide services to program participants, including child care and transportation. Each State must use at least 50 percent of its grant to fund programs operated by community-based organizations with demonstrated capability to administer English proficiency programs.

Up to 10 percent of available funds may be used by the Secretary to carry out a national demonstration program consisting of: (1) the development of innovative approaches and methods of literacy education utilizing new instructional methods and technologies for individuals of limited English proficiency, and (2) a national clearinghouse on literacy education for the limited English proficient to collect and disseminate information concerning effective approaches and methods.

The first awards for this program were made in the fall of 1989, for activities in 1990. To fulfill the mandate for a clearinghouse, an award was made for an adjunct ERIC Clearinghouse on Literacy Education for the Limited English Proficient. As specified in the authorizing legislation, the clearinghouse is being operated by the Center for Applied Linguistics, in Washington, D.C. Remaining funds for the national demonstration program are being used for a project to develop a handbook of effective practices in literacy education for limited English proficient adults.

Library Literacy Grants

The Library Literacy program provides funds for competitive grants to local public libraries and to State library administrative agencies to promote literacy training programs in the Nation's public libraries to combat the problem of illiteracy among adults. Grants, which by law may not exceed $25,000, are used by State library literacy programs for coordinating and planning library literacy programs and making arrangements for training librarians and volunteers to carry out such programs. Grants to local public libraries are for: (1) promoting the use of the voluntary services of individuals, agencies, and organizations in providing literacy programs; (2) acquisition of materials for literacy programs; and (3) using library facilities for such programs. Pending legislation would increase the maximum grant award size to $35,000.

In fiscal year 1989, this program provided for tutoring or other literacy services for about 25,000 adults. Also, about 15,000 volunteers were trained as tutors to provide literacy instruction, and about 5,000 librarians received training to provide library services to adult new readers. In well over half of the projects funded by this program, the library is the community's primary provider of literacy services. In these projects, the library either established a literacy program where none existed or served as the primary contact for seeing that literacy services, information, and referrals were provided to the public. Many projects also help libraries to acquire the basic reading materials and the tutor support materials necessary for literacy instruction programs.

Student Literacy Corps

The Student Literacy Corps program promotes the development of literacy corps programs at institutions of higher education. Institutions that have participated in community service activities may receive competitive discretionary grants that total no more than $50,000 over the two-year grant period. Under literacy corps programs, undergraduate students in fields such as social science, economics, and education receive academic credit for courses in which there is a practicum that requires the student to tutor a minimum of six hours per week. Tutoring services are uncompensated and performed in public community agencies serving educationally or economically disadvantaged individuals.

Funds appropriated for this program may be used by the institution to cover the administrative costs of the program and to pay stipends for student coordinators. Funds may also be used by the Secretary to provide technical assistance to grantees, to collect and disseminate information about student literacy corps programs, and to evaluate and report on such programs.

Fiscal year 1989 was the first year in which funds were appropriated for this program. A total of 105 institutions received $4.858 million in awards averaging $46,000. It is too early to tell how many hours of tutoring will be generated by this program. However, the statute provides that available program appropriations may be used to evaluate and issue reports on projects funded under this program. The Secretary intends to conduct such evaluations once a sufficient number of projects have been completed.

Even Start

The Even Start program grants funds to eligible school districts to operate projects that provide educational services to parents of children under 7 years of age who live in Chapter 1-eligible school attendance areas. Parents must be eligible for services under the Adult Education Act. The purpose of the program is to help parents who lack a high school education become full partners in the education of their children and assist children to reach their full potential as learners by integrating early childhood education and adult education for parents into a unified program.

Researchers have found that parents play a pivotal role in laying the foundation for their children's acquisition of basic skills -- a parent is a child's first tutor. However, when parents themselves lack the literacy skills to help their children learn, it becomes impossible for them either to provide their children with early learning skills or to reinforce the skills children learn in preschool programs.

Even Start addresses this problem by integrating early childhood education and adult education programs. Parents not only receive basic skills instruction themselves but also receive help in becoming partners in their children's education.

Fiscal year 1989 marked the first year of funding for this program. The Department awarded 73 grants to LEAs, in 44 States and the District of Columbia, In addition, three Migrant Education Even Start projects were funded. Because projects are in their first year of operation, program evaluation data are not yet available. However, the Department has initiated a comprehensive evaluation of the Even Start program.

Family English Literacy

The intergenerational aspect of illiteracy is also addressed through bilingual education programs. Under the Bilingual Education Act, funds are provided for Family English Literacy projects that are designed to teach English to limited English proficient adults (primarily parents of children in bilingual projects) and out-of-school youth. In 1989, 34 such projects were funded, serving a total of 10,049 students. The primary goal of these projects is to assist parents in learning English and participating in the education of their children.

Indian Adult Education

The Indian Education Act supports programs to enable Indian adults to acquire basic literacy, complete secondary school, and secure the education necessary for them to benefit from vocational training. Many projects also offer consumer education and other special services such as academic and career counseling, aptitude and vocational testing, and job referral. Grants are awarded on a competitive basis to Indian tribes, organizations, and institutions.

A 1985 study of the program found that generally the services delivered are those that seem to be the most needed by Indian adults. They concentrate on providing adult basic education and preparation for the high school equivalency examination. The study also found little duplication of services between these projects and those funded by other Federal programs, such as the Adult Education Act or adult education activities funded by the Bureau of Indian Affairs.

There has been some improvement in the educational status of Indian adults. Between 1960 and 1980 the percentage of Indians age 25 and older with less than a 5th-grade education decreased from 22 percent to 8 percent. During the same period, the percentage with a high school diploma increased from 18 percent to 56 percent. There is still a great need for improvement, however. More than 44 percent of Indian adults aged 25 and older have not graduated from high school.

In fiscal year 1989, the Department awarded 32 grants to projects serving approximately 7,200 Indian adults. These awards went to 12 tribes, 14 Indian organizations, and 6 tribal community colleges. Eleven of the awards were in urban areas and 21 in rural or reservation settings. The grants ranged from $28,468 to $307,414.

Adult Literacy Research Center

In the fall of 1990, the Department, through the Office of Educational Research and Improvement, will make awards for several new research and development centers, one of which will be devoted to the problem of adult literacy. This new center will undertake research needed to understand better and help solve the problem of adult illiteracy. This center is expected to coordinate closely with other existing literacy programs and the proposed new clearinghouse on adult education and literacy.

National Assessment of Adult Literacy

The Department began work in 1989 on a major multi-year project to define and measure literacy in the adult population. A panel of experts is currently working on a definition of literacy, in response to the mandate included in Section 383(b) of the Adult Education Act. The work of this panel will be reported to Congress this year and will form the basis for a survey that will be used to estimate the level of literacy in the United States. A final report from this project is scheduled for 1993.

Department of Education
Dropouts and School Completions
($ in 000s)

	1987 Actual	1988 Actual	1989 Actual	1990 Actual	1991 Estimate
Chapter 1 grants to LEAs....................	$3,453,500	$3,829,600	$4,026,100	$4,593,258	$4,959,000
Dropout prevention demonstrations...........	---	23,935	21,736	---	45,000
Research and development..	---	---	---	---	5,000
Drug-free schools and communities..............	200,000	229,776	354,500	539,238	593,300
Magnet schools in desegregating districts.........	75,000	71,805	113,620	113,189	113,189
Magnet schools of excellence...............	---	---	---	50,000	100,000
Education for homeless children and youth.......	4,600	4,787	4,834	7,404	7,500
Indian education..........	55,045	57,115	60,693	63,015	64,802
Bilingual education.......	143,095	146,573	151,946	158,530	175,393
Immigrant education.......	30,000	28,722	29,640	30,144	30,144
Vocational education......	881,967	888,243	918,404	936,723	936,823
Presidential merit schools..................	---	---	---	125,000	225,000
TRIO-Talent search initiative...............	---	---	---	3,016	8,155
TOTAL..............	4,843,207	5,280,556	5,681,473	6,619,517	7,263,306

The Department of Education funded a number of promising dropout prevention programs in 1988 and 1989. Although this initial effort will provide a basis for determining the range of dropout prevention and reentry projects currently in existence, it did not focus funding on comprehensive programs that provide basic skills instruction, counseling, employment preparation, parental involvement, and adult mentors. Research has suggested that comprehensive programs, involving several components, are most effective in preventing students from dropping out of school. The majority of projects funded for 1988 and 1989 involve fewer than 10 hours per week of student contact.

For 1991, the Department is requesting $50 million specifically for dropout prevention demonstrations, program evaluations, and research. Of this amount, $45 million of the new funding will be used to test and demonstrate effective approaches to dropout prevention and reentry and will involve rigorous evaluations similar to those used for demonstration programs funded by the Department of Labor. Projects begun in 1991 will be funded for up to 4 years. There will be two types of evaluation activities: (1) technical assistance to local projects in collecting data to validate individual programs, along with a national summary of findings; and (2) a national evaluation of selected projects to identify approaches that work best. Up to $2 million each year will be used for the evaluation activities.

The remaining $5 million will be used by the Department's Office of Educational Research and Improvement to complement the demonstration effort by supporting research and development activities designed to provide useful information about how to improve the academic performance of secondary school students and reduce the number of dropouts. A national research and development center would be established to investigate alterable conditions impinging on student achievement and retention, and its work would be supplemented by a variety of other research and development projects. This initiative will investigate such issues as the effects of instruction, school organization, and school-community relations, to identify effective strategies and approaches to helping disadvantaged students successfully complete high school.

While continued efforts are needed to reduce the dropout rate, it is also essential to gain hard evidence of programs that work. The extension of the dropout demonstration assistance program, along with added rigor for local evaluations, designation of priorities and models based on research findings, and a national evaluation of selected projects, will assist in providing that evidence.

In addition to the proposed $50 million for dropout prevention demonstrations and research, the Department's budget for 1991 contains a number of programs that can have an effect on the dropout problem. In fact, a major share of Federal elementary and secondary education dollars support programs that focus on disadvantaged populations and thus directly attack the dropout problem. Among these:

- Chapter 1 grants to local educational agencies will increase by 4 percent -- to almost $5 billion -- to provide compensatory education to about 6.1 million disadvantaged children.

- An administration initiative under the Talent Search program, begun in 1989, will encourage seventh- and eighth-graders to begin to think about pursuing a college education and help them to seek financial aid.

- Within the $918 million appropriated for vocational education in 1989, $4.6 million was used for 10 dropout demonstration projects. The Department is using $500,000 each year from 1988 and 1989 funds available for this program to evaluate effectiveness of the dropout prevention and reentry techniques demonstrated through these projects so that the most successful models can be disseminated to other communities. The evaluation will use random assignment of a matched-pairs design to generate conclusions about the effectiveness of various treatments used in the dropout prevention models. The first interim report of this evaluation is due in December 1990, with the final report following in February 1991.

- The National Center for Education Statistics is required by law to conduct an annual national survey of dropout and retention rates. NCES issued its first annual report, "Dropout Rates in the United States: 1988" in September 1989.

- Other efforts that attack the dropout problem are: (1) an increase of $17 million, or 11 percent, to a total of $175 million for bilingual education programs, including a special focus on districts with major influxes of children -- primarily refugees and immigrants -- with limited English proficiency; (2) $213 million for magnet schools; and (3) $7.5 million to address the problems of homeless children and youth.

GUARANTEED STUDENT LOAN PROGRAMS:

GENERAL PROGRAM AND DEFAULT DATA

Fiscal Year	1987	1988	1989	1990 (est.)	1991 Request
Annual Data					
Appropriations ($ in millions)	$2,717	$2,565	$4,067	$3,826	$3,368
Loan volume ($ in millions)	9,272	10,380	10,938	10,963	11,018
Recipients (# in thousands)	3,690	3,967	4,128	4,134	4,125
Average loan ($)	2,513	2,617	2,650	2,652	2,671
Federal default cost ($ in millions)	1,269	1,389	1,911	2,023	2,022
Cumulative Data					
Cumulative loans which have entered repayment ($ in millions)	53,356	63,696	73,771	83,988	94,614
Cumulative defaults paid to lenders by guarantee agencies ($ in millions)	6,993	8,633	10,474	12,507	14,532
Cumulative collections by guarantee agencies and the Department ($ in millions)	1,949	2,540	3,331	4,135	5,043
Gross cumulative default rate (%)	13.1	13.6	14.2	14.9	15.4
Net cumulative default rate (%)	9.5	9.6	9.7	10.0	10.0
Receivables					
Dollars outstanding in default - defaults net of repayments, collections, and write-offs ($ in million)	4,639	5,513	6,727	7,775	8,651
Recipients outstanding in default (# in thousands)	1,546	1,838	2,242	2,592	2,884

REPORT ON STUDENT LOAN DEFAULTS

The Department of Education supports two major student loan programs -- Guaranteed Student Loans (GSLs) and Perkins Loans. Defaults in both programs are increasing, although the costs associated with defaults are treated differently for the two programs in the budget. GSL defaults are reimbursements to participating lenders. They are direct entitlement obligations of the Federal Government, thus default costs are displayed as on-budget line items in the GSL account. Perkins Loan defaults represent a loss of income to participating postsecondary institutions' revolving funds rather than direct Federal obligations. The Department is pursuing a variety of measures to reduce the incidence of student loan defaults in both programs.

Guaranteed Student Loan Defaults

The Education Department projects that GSL defaults will cost taxpayers about $2 billion in fiscal year (FY) 1990, and will represent about 44 percent of program expenditures. Although the Department has increased collections on defaulted loans from $65 million in FY 1981 to an estimated $637 million in FY 1990, an estimated $7.8 billion of defaulted GSLs will be outstanding in FY 1990.

These increases in defaults are due to a number of factors, including increases in the volume of new loans made to students. In FY 1990, an estimated $11 billion will be loaned to over 4 million recipients in the GSL programs, compared to $7.4 billion loaned to 3.4 million recipients in FY 1981. As of 1989, approximately $93 billion had been provided to students since the inception of the GSL programs, of which approximately $48.5 billion are still outstanding.

Department analyses indicate that defaults are concentrated at relatively few schools. Using the FY 1987 cohort default rate, nearly 2 percent, or 85 schools, had default rates above 60 percent. In contrast, 3,570 schools had default rates below 20 percent, accounting for 66 percent of the schools.

FY 1987 cohort default rate by institutional type and control were as follows:

Type and Control	1987 Cohort Default Rate
Proprietary	33%
Public 2-year	18%
Private 2-year	14%
Public 4-year	7%
Private 4-year	7%
All Schools	17%

NOTE: The FY 1987 cohort default rate is defined as the percentage of borrowers that entered repayment status in FY 1987 that defaulted in FY 1987 or FY 1988. These figures exclude those postsecondary schools with fewer than 30 borrowers entering repayment status.

The Department is pursuing a four-pronged default reduction strategy:

(1) Final regulations which encompass a graduated approach -- increasing sanctions based on a series of default rate thresholds — to encourage default prevention by participating schools.

(2) A Notice of Proposed Rulemaking which would require that all private vocational schools establish a "teach-out" agreement with another school in case of school closure.

(3) Legislative proposals to reduce defaults, eliminate program abuses, and improve collections.

(4) Increased administrative activities by the Department to improve default prevention, enforcement, and collection efforts.

Following is a brief summary of the Department's regulatory, legislative, and administrative initiatives.

EDUCATION DEPARTMENT REGULATORY INITIATIVES: FINAL REGULATIONS PUBLISHED JUNE 1989

PROVISION	STATUS
SCHOOLS WITH DEFAULT RATES OVER 20%	
Authorize the Secretary to impose individual default management plans that address causes of default at a particular school. (1,803 schools affected)*	Effective 8/22/89. As of 1/22/90, 100% of the schools with default rates over 20 percent had submitted default management plans, and 419 of the plans had been approved. All schools are expected to have approved plans by May 1990.
SCHOOLS WITH DEFAULT RATES OVER 30%	
Require schools to delay for 30 days loan disbursement for first-time borrowers. (1,040 schools affected)	Effective 10/1/89.
Require schools to use a pro-rata tuition refund policy. (1,040 schools affected)	Effective 10/1/89 (regulatory effective date of 6/5/90 superseded by the 1990 Appropriation Act).
SCHOOLS WITH DEFAULT RATES OVER 40%/OVER 60%	
Authorize the Secretary to initiate Limitation/Suspension/Termination (LST) proceedings if a school with a default rate above 40% does not reduce its rate by 5 percentage points per year, until the rate decreases to below 40%. (456 schools affected)	Effective 1/1/91.
Authorize the Secretary to initiate LST proceedings if a school's default rate is above 60%. (101 schools affected)	
ALL SCHOOLS/OTHER PROVISIONS	
Require all schools to provide entrance counseling to first-time borrowers.	Effective 8/22/89.
Require all schools that offer an undergraduate nonbaccalaureate vocational training program to compile and disclose consumer information, *including* program completion and job placement data, to all prospective students.	Effective 12/1/89 (for loans certified for periods of enrollment beginning on or after 12/1/89).
Require increased guarantee agency program reviews of schools.	Effective 7/20/89.
Require lenders to keep schools informed of borrowers' delinquent status.	Effective 12/5/89.

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*Based on the FY 1987 cohort default data for schools with 30 or more borrowers.

EDUCATION DEPARTMENT LEGISLATIVE INITIATIVES

The following default reduction legislative proposals were included in the Department's FY 1991 budget. Most are included in S.202 sponsored by Senator Gramm. Several proposals (marked by *) are included in S.1778 sponsored by Senator Harkin; and others (marked by **) are included in the Education Excellence Act (S.695). Total estimated savings for 1991-1995 are indicated for each proposal.

* o Delay loan disbursement: Disbursements of loans to first-time borrowers would be delayed for 30 days from the student's first day of classes. This would help reduce the inordinately high rate of default by students who withdraw within the first few weeks of class. (The similar 1989 Reconciliation Act provision applies only to SLS borrowers. ED's current regulations delay disbursement to schools with default rates above 30%.) ($449.2 million savings)

o Increase risk-sharing with guarantee agencies: In order to stimulate greater default aversion efforts by guarantee agencies and reduce the Federal Government's reimbursement costs, the Federal reinsurance of default claims paid by guarantee agencies would be reduced to a flat 90% rate (from the current 100/90/80% sliding scale), and the reinsurance fee rate would be a flat 0.5%. ($324.7 million savings)

* o Modify ability-to-benefit provision: This proposal would require applicants for all title IV student aid programs who receive aid under the "ability-to-benefit" criteria to pass a test, prior to enrollment, formulated and administered by an independent organization. ($159 million savings)

* o Require lenders to perform credit checks: To prevent defaults by individuals who have already demonstrated a lack of credit-worthiness, lenders would be required to check the credit histories of all GSL applicants age 21 or older. Applicants with poor credit would be required to obtain a credit-worthy co-signer. ($129.9 million savings)

o Authorize guarantee agencies to garnish defaulters's wages: This proposal would authorize guarantee agencies to garnish a defaulter's wages, up to 10% of disposable pay, after the defaulter is provided notice and an opportunity for a hearing. ($35 million savings)

** o Prohibit schools from employing commissioned sales representatives for recruiting and admissions activities: To reduce the exploitation of unqualified students, this proposal would prohibit schools from employing anyone other than salaried employees or volunteers to conduct recruiting or admitting activities. ($34.6 million savings)

o Require lenders to provide graduated repayment options to borrowers: This proposal would require lenders to offer optional graduated repayment schedules to all Stafford and SLS borrowers prior to commencement of repayment. ($22.4 million savings)

** o Require students to provide license numbers and other skip-tracing information: To make it easier to locate delinquent borrowers, the Department proposes to require schools to obtain the borrower's driver's license number and expected address after graduation, and the name and address of the borrower's closest relative and expected employer after graduation. ($2.5 million savings)

EDUCATION DEPARTMENT ADMINISTRATIVE INITIATIVES

I. IMPROVING DEFAULT PREVENTION

- Publish an annual default report including schools' default rates and default dollars. The FY 1987 cohort default report was published in August 1989. The FY 1988 report will be published in March 1990.

- Compile and disseminate job placement, graduation rate, and other consumer information for undergraduate nonbaccalaureate vocational training programs. Schools began to submit data to ED in December 1989; the first report will be published in FY 1991.

- Publicize ED's toll-free consumer service hotline. A brochure for all high schools and postsecondary schools will be published shortly.

- Provide default management and prevention training to schools. The Department's FY 1991 request includes four additional positions for default-related training.

- Publicize innovative and exemplary default prevention practices by lenders, school, and guarantors. "What Works in Default Prevention" booklet will be published in March 1990.

II. ENFORCING PROGRAM RULES

- Increase ED program compliance reviews of lenders, schools and guarantee agencies, from a low of 627 total reviews in 1987, to 1,268 reviews completed in 1989, to a projected 1,754 reviews in 1990 and 2,033 reviews in 1991.

- Direct 75% OIG audit and investigation resources (after mandated audit work) to the default problem.

- Continue enforcement of tough due diligence collection requirements for lenders and guarantee agencies.

- Facilitate fraud detection by expanding the Inspector General's fraud and abuse toll-free hotline. The Department's FY 1991 request includes additional FTE support for the hotline.

III. MAXIMIZING COLLECTION EFFORTS

- Federal Employee Match. Since 1982, more than 60,000 Federal employees have been identified and sent notices to repay defaulted student loans. Cumulative collections resulting from the Federal salary offset program total over $54 million. An additional $12 million in collections is projected for 1990.

- IRS Offsets. The IRS offset of defaulters' Federal tax refunds has resulted in over $637 million in collections from fiscal year 1986 through fiscal year 1989 on approximately 1.2 million accounts. An additional $192 million in collections is projected for 1990.

- Referrals to Justice. ED continues to refer student loan defaults to the Justice Department for litigation. Cumulative collections on these accounts total an estimated $41 million. An additional $11 million in collections is projected for 1990.

PERKINS LOAN PROGRAM:

GENERAL PROGRAM AND DEFAULT DATA

Fiscal Year	1987	1988	1989 (est.)	1990 (est.)	1991 Request
Annual Data					
Federal capital contributions ($ in millions)	$188	$186	$184	$137	---
Loan cancellations	22	25	22	22	---
Loan volume ($ in millions)	873	859	884	860	744
Recipients # in thousands)	944	929	826	804	695
Average loan ($)	925	925	1070	1070	1070
New defaulted loans cost ($ in millions)	147	157	175	178	161
Collections Data					
Cumulative matured loans ($ in millions)	9,606	10,266	10,936	11,593	12,288
Loans currently outstanding at institutions ($ in millions)	4,470	4,497	4,562	4,549	4,402
Defaulted loans held by institutions ($ in millions)	771	736	788	780	772
Defaulted loans held by Federal Government ($ in millions)	657	604	283	219	152
Gross default rate (%) at schools	8.02	7.17	7.21	6.73	6.28
Receivables (Defaulted Perkins loans) assigned to ED					
Dollars outstanding in default - defaults net of repayments, collections, and write-offs ($ in millions)	1,022	1,333	1,071	1,009	924

Perkins Loan Defaults

Unacceptably high default rates have persisted within the Perkins Loan Program since its inception. If institutions were not permitted to assign defaulted loans to the Department for collection, default rates would be even higher. However, as reflected in the above table, some progress has been made in reducing defaults over the past several years. This improvement has been due largely to improved school-level collection efforts, including the growing use of private servicing and collector agencies.

This improvement can be attributed in part to statutory penalties, which built on earlier regulatory penalties, related to institutional default rates. A 1986 statutory amendment provides that no institution can receive Federal capital if its institutional default rate exceeds 20 percent (1988-90); or 15 percent in 1991 and beyond. In addition, Federal capital allocations are reduced at institutions with default rates at or above 7.5 percent. Schools with high default rates can work toward retaining their full allocations by assigning a portion of their defaulted loans to the Department and by improving their collection rates.

The 1986 amendments also require institutions to report defaulted Perkins Loan accounts to a credit bureau; unless specifically prohibited from doing so by State law.

Since changes to the Perkins Loan program mandated by the 1986 amendments to the Higher Education Act have gone into effect, defaults have declined and collection rates at schools have increased.

However, further Perkins Loan default improvements can be made. The Department has proposed several additional statutory changes that are designed to further reduce defaults and improve collection efforts.

The following default reduction legislative proposals, affecting both Perkins and Guaranteed Student Loans, were included in the Department's FY 1991 budget.

- Requiring credit checks. To prevent defaults by individuals who have already demonstrated a lack of credit-worthiness, institutions would be required to check the credit histories of all Perkins Loan borrowers ages 21 and over. Borrowers with poor credit histories would be required to obtain a credit-worthy co-signer. Perkins Loan access would not be affected for the vast majority of students who have little or no credit history.

- Requiring students to provide driver's license numbers and other skip-tracing information. In order to facilitate collection of Perkins Loans, borrowers would be required to provide their driver's license numbers to institutions when they apply for a loan. Also, during the school's exit interview, students would have to provide the address of their next-of-kin, expected address after graduation and the name and address of their expected employer.

- Reform the "ability-to-benefit" provision. The "ability-to-benefit" student eligibility provision would be amended to require any student who is admitted without having a high school diploma, or its recognized equivalent, to pass a test administered by an independent organization.

- Pro rata refunds. Institutional eligibility provisions would be amended to require participating institutions with default rates in excess of 30 percent to implement, for Title IV recipients who withdraw near the beginning of their enrollment periods, a refund policy under which the institution would be required to refund a portion of the amount charged the student. This refund amount must be at least equal to the charges associated with the remaining portion of the enrollment period.

- Prohibit Recruitment by Commissioned Salesmen. Schools would be prohibited from employing commissioned sales representatives for recruiting and admissions activities.

Increased efforts will continue to be made to reduce defaults in the Perkins Loan program by strengthening institutional collection requirements and by intensifying Federal collection activities. Enhanced institutional collection efforts should result in lower default rates and more funds becoming available for new loans. Approximately $744 million from collections received by institutions will be available for new loans in school year 1990-91. These resources, from institutional revolving funds, will be available without the need for any additional allocations of Federal capital.

Student Aid Participation and Expenditures, 1981-1991

The charts below provide information about financial aid received by students under Title IV of the Higher Education Act of 1965. They show appropriation levels, the total amount of student aid generated by those appropriations, and the total numbers of students receiving assistance. They cover a period of time, 1981 to 1991, during which Federal aid to students under Title IV will have increased by over 50 percent. During these years, State and institutionally awarded aid to students will have increased even more significantly than Federal aid. From academic year 1981-82 to academic year 1988-89, while the total amount of Federal aid to students (including specifically directed aid to students from such Federal sources as the Veteran's Administration) increased 33 percent, the total amount of State grant aid to students increased 78 percent; and the amount of aid awarded by institutions of higher education increased 129 percent.

During this same period, disposable personal (per capita) income also increased significantly--by 52 percent. However, in general, educational costs to students and their families increased even more rapidly than their financial resources. Increases in the average cost of attendance for all categories of colleges and universities have outstripped general inflationary increases--from an increase of 51 percent in public 2-year colleges to an increase of 93 percent in private universities. College costs have continued to increase in recent years, and the Department of Education anticipates that they will continue to increase. An average 10 percent increase in tuition and fee charges, over current costs, is expected for 1990-91.

National Postsecondary Student Aid Studies

The relationship between the resources available to families and increasing college costs is one of many issues that has prompted the Department to undertake a nationwide study of postsecondary student financial aid. The 1987 National Postsecondary Student Aid Study (NPSAS) was the first of what will be a series of surveys to inform policy makers and other interested parties about a myriad of policy and research issues regarding the distribution of financial aid, the nature of aid packages (the combination of assistance from a variety of sources that help a student meet college costs), the profiles of aid recipients, patterns of financing postsecondary education, and the impact of financial aid program changes on students, their families, and postsecondary institutions. The 1987 NPSAS was based on data collected from students and postsecondary institutions in the fall of 1986. Data collection for a 1990 study began last fall.

Who Receives Financial Aid?

According to the 1987 NPSAS, 46 percent of all undergraduates enrolled in the fall of 1986 received some form of student financial aid; and 76 percent of these aided undergraduates received Federal student aid. While only 38 percent of the undergraduates at public institutions received aid, 65 percent of the undergraduates at not-for-profit private institutions and 85 percent of students at for-profit private institutions received aid.

Trend data on the distribution of Pell Grant funds lends perspective to the above "snap shot" picture of the participation of students in financial assistance programs. From academic year 1981-82 to academic year 1987-88, the percentage of Pell Grant aid received by students at public institutions dropped slightly--from 60 percent to 57 percent, while the percentage of this aid going to students at not-for-profit private institutions dropped from 26 percent to 18 percent. During this period, the percentage of Pell aid going to students enrolled in for-profit institutions increased from 14 percent to 25 percent. Because of the increase in the total Pell Grant aid available during those years, the change in the proportion of Pell aid going to students at for-profit institutions amounts to nearly a 3-fold increase, from approximately $320 million in 1981-82 to $940 million in 1987-88.

What Type of Financial Aid Do Students Receive?

In recent years the ratio of loan aid to grant and work-study aid received by students has been an issue of concern to many. The 1987 NPSAS data show that, in the fall of 1986, the average amount of aid received by full-time, full-year students was approximately $3,800. The average Federal loan aid received was $2,400, and the average Federal grant aid was $1,600. However, the trend seen in the following information on the Title IV programs is that reliance on loans vs. grant and work-study aid will have decreased slightly from 1981 to 1991, from 2.17:1 to 1.97:1. During those years, the average Stafford Loan will have increased 17 percent (from $2,280 to $2,673), while the average Pell Grant award will have increased 75 percent (from $826 to $1,443).

STUDENT FINANCIAL ASSISTANCE--FISCAL YEAR APPROPRIATIONS ($ IN THOUSANDS)

	FY 1981	FY 1982	FY 1983	FY 1984	FY 1985	FY 1986	FY 1987	FY 1988	FY 1989	FY 1990	FY 1991 req.
Student Financial Aid:											
Pell Grants..........	$2,604,000	$2,419,040	$2,419,040	$2,800,000	$3,862,000	$3,579,716	$4,187,000	$4,260,430	$4,483,915	$4,804,478	$5,277,000
Campus-based:											
SEOG................	$370,000	$355,400	$355,400	$375,000	$412,500	$394,762	$412,500	$408,415	$437,972	$458,650	$458,650
Work-Study..........	$550,000	$528,000	$590,000	$555,000	$592,500	$567,023	$592,500	$588,249	$610,097	$601,765	$601,765
Perkins Loans:											
FCC................	$186,000	$178,560	$178,560	$161,060	$192,482	$181,830	$188,000	$185,736	$183,507	$135,129	---
Loan Cancellations.	$14,800	$14,800	$14,800	$19,800	$25,000	$26,796	$22,000	$24,892	$22,000	$21,700	---
Total, Perkins.....	$200,800	$193,360	$193,360	$180,860	$217,482	$208,626	$210,000	$210,628	$205,507	$156,829	---
ICLs................	---	---	---	---	---	---	$5,000	$4,308 1/	$4,940 1/	$9,863 2/	$15,000 3/
Total, Campus-based.	$1,120,800	$1,076,760	$1,138,760	$1,110,860	$1,222,482	$1,170,411	$1,220,000	$1,211,600	$1,258,516	$1,227,107	$1,075,415
SSIGs...............	$76,750	$73,680	$60,000	$76,000	$76,000	$72,732	$76,000	$72,762	$71,889	$59,181	---
Total, Student Aid...	$3,801,550	$3,569,480	$3,617,800	$3,986,860	$5,160,482	$4,822,859	$5,483,000	$5,544,792	$5,814,320	$6,090,766	$6,352,415
Guaranteed Loans......	$2,535,470	$3,073,846	$3,100,500	$2,256,500	$3,799,823	$3,265,941	$2,717,000	$2,565,000	$4,066,828	$3,826,314	$3,368,336
TOTAL APPROPRIATIONS..	$6,337,020	$6,643,326	$6,718,300	$6,243,360	$8,960,305	$8,088,800	$8,200,000	$8,109,792	$9,881,148	$9,917,080	$9,720,751

1/ Due to a technical error in the 1988 appropriations language that omitted reference to the ICL program, the FY 1988 appropriation could not be used. Funds appropriated for the ICL program in FY 1989 ($4,940,000) were used to finance award year 1988-89 program costs at a level of $4,308,000. The Department's reappropriation request for the FY 1988 amount was denied.

2/ The FY 1990 appropriation will be used to support two award years, 1989-90 and 1990-91.

3/ The FY 1991 appropriation would support awards in award year 1991-92.

STUDENT FINANCIAL ASSISTANCE--ACADEMIC YEAR NUMBER OF AWARDS 1/

	AY 81-82	AY 82-83	AY 83-84	AY 84-85	AY 85-86	AY 86-87	AY 87-88	AY 88-89 est.	AY 89-90 est.	AY 90-91 est.	AY 91-92 est.
Student Financial Aid:											
Pell Grants..........	2,779,000	2,608,000	2,849,000	2,830,000	2,910,000	2,709,000	2,862,000	3,123,000	3,302,000	3,214,000	3,389,000
Campus-based:											
SEOG................	658,893	640,650	648,582	652,014	685,961	631,226	635,326	561,000	633,000	678,000	696,000
Work-Study..........	739,346	720,097	771,796	735,456	728,398	689,812	685,505	785,000	835,000	876,000	871,000
Perkins Loans.......	684,067	674,901	718,588	697,176	700,925	715,779	673,549	942,994	826,471	803,777	694,914
ICLs................	---	---	---	---	---	---	2,118	2,400	2,391	2,391	6,400
Total, Campus-based.	2,082,306	2,035,648	2,138,966	2,084,646	2,115,284	2,036,817	1,996,498	2,291,394	2,296,862	2,360,168	2,268,314
SSIGs................	280,843	278,230	200,770	241,484	240,178	218,685	224,522	265,000	261,000	197,000	---
Total, Student Aid...	5,142,149	4,921,878	5,188,736	5,156,130	5,265,462	4,964,502	5,083,020	5,679,394	5,859,862	5,771,168	5,657,314
Guaranteed Loans 2/:											
Stafford.............	2,978,582	2,794,936	2,989,242	3,368,497	3,359,611	3,324,248	3,264,570	3,185,953	3,054,647	3,329,960	3,380,480
SLS	6,467	29,956	54,456	81,386	97,326	164,160	544,221	648,785	530,721	521,220	575,340
PLUS	21,680	47,406	63,823	89,851	90,097	108,594	158,128	194,691	252,391	277,720	306,500
Total, GSLs..........	3,006,729	2,872,298	3,107,521	3,539,734	3,547,034	3,597,002	3,966,919	4,029,429	3,837,759	4,128,900	4,262,320
TOTAL AWARDS	8,148,878	7,794,176	8,296,257	8,695,864	8,812,496	8,561,504	9,049,939	9,708,823	9,697,621	9,900,068	9,919,634
TOTAL RECIPIENTS (UNDUPLICATED COUNT).	4,999,312	4,723,743	4,997,745	5,238,472	5,276,944	5,126,649	5,419,125	5,813,666	5,806,959	5,928,184	5,939,901

1/ Academic year: July 1 to June 30.

2/ Figures based on loan disbursements.

NOTE: Details may not add to totals due to rounding.

STUDENT FINANCIAL ASSISTANCE--ACADEMIC YEAR AID AVAILABLE ($ IN MILLIONS) 1/

	AY 81-82	AY 82-83	AY 83-84	AY 84-85	AY 85-86	AY 86-87	AY 87-88	AY 88-89 est.	AY 89-90 est.	AY 90-91 est.	AY 91-92 est
Student Financial Aid:											
Pell Grants..........	$2,295.1	$2,424.7	$2,792.1	$3,035.3	$3,571.9	$3,496.4	$3,749.3	$4,483.4	$4,863.0	$4,763.0	$4,889.0
Campus-based:											
SEOG................	$361.6	$342.7	$361.0	$373.6	$410.1	$399.5	$418.8	$393.0	$442.4	$487.9	$515.3
Work-Study..........	$624.0	$614.9	$683.5	$645.1	$656.0	$629.2	$635.1	$706.0	$780.3	$823.3	$823.2
Parkins Loans.......	$580.2	$596.8	$682.0	$677.2	$703.0	$763.5	$805.2	$872.3	$884.0	$860.0	$743.6
ICLs................	---	---	---	---	---	---	$4.8	$5.2	$5.0	$5.0	$16.0
Total, Campus-based.	$1,565.8	$1,554.4	$1,726.5	$1,695.9	$1,769.1	$1,792.2	$1,863.9	$1,976.5	$2,111.7	$2,176.2	$2,098.1
SSIGs...............	$153.5	$147.4	$120.0	$152.0	$152.0	$145.5	$152.0	$145.5	$143.8	$118.4	---
Total, Student Aid...	$4,014.4	$4,126.5	$4,538.6	$4,883.2	$5,493.0	$5,434.1	$5,765.2	$6,605.4	$7,118.5	$7,057.6	$6,987.1
Guaranteed Loans 2/:											
Stafford............	$6,792.4	$6,172.3	$6,897.1	$7,736.3	$7,911.6	$7,913.8	$8,279.4	$8,206.2	$8,268.9	$8,812.7	$9,037.1
SLS.................	$15.1	$75.6	$140.6	$214.1	$257.0	$448.1	$1,568.8	$1,718.1	$1,414.8	$1,283.9	$1,481.7
PLUS................	$55.1	$118.8	$165.7	$236.8	$238.5	$298.0	$476.6	$595.8	$825.9	$894.3	$996.9
Total, GSLs..........	$6,862.6	$6,366.7	$7,203.3	$8,187.2	$8,407.2	$8,659.9	$10,324.8	$10,520.1	$10,509.6	$10,990.9	$11,515.7
TOTAL AID AVAILABLE..	$10,877.0	$10,493.2	$11,841.9	$13,070.4	$13,900.2	$14,093.9	$16,090.0	$17,125.5	$17,628.1	$18,048.5	$18,502.8

1/ Academic year: July 1 to June 30.

2/ Figures based on loan disbursements.

NOTE: Details may not add to totals due to rounding.

DEPARTMENT OF EDUCATION

Drug Prevention, Education, and Rehabilitation

Budget Authority	1987 Actual	1988 Actual	1989 Actual	1990 Actual	1991 Request
Drug-Free Schools and Communities Act of 1986:					
State grants	$161,046,000	$191,480,000	$287,730,000	$437,881,000	$487,619,000
School personnel training	---	---	7,000,000	14,554,000	14,554,000
National programs:					
Grants to institutions of higher education	15,560,000	17,812,093	27,800,000	28,371,000	28,371,000
Federal activities	12,307,500	7,792,791	12,162,500	12,413,000	17,413,000
Programs for Indian youth	1,945,000	2,226,512	3,475,000	3,653,000	3,653,000
Programs for Native Hawaiians	389,000	445,302	695,000	731,000	731,000
Regional centers	8,752,500	10,019,302	15,637,500	15,959,000	15,959,000
Emergency grants	---	---	---	24,688,000	25,000,000
Anti-Drug Abuse Act of 1988:					
National Commission on Drug-Free Schools	---	---	---	988,000	---
Elementary and Secondary Education Act of 1965:					
Fund for Innovation in Education	---	---	---	1,975,000	1,975,000
Education Consolidation and Improvement Act of 1981:					
Alcohol and Drug Abuse Education	3,000,000	---	---	---	---
Rehabilitation Act of 1973:					
Vocational Rehabilitation State Grants	19,215,000	20,693,000	21,800,000	23,300,000	24,400,000
TOTAL	222,215,000	250,469,000	376,300,000	564,513,000	619,675,000

DEPARTMENT OF EDUCATION

Drug Prevention, Education, and Rehabilitation

Background

Surveys of public opinion over the past several years have consistently shown that both children and adults view drug use as our most pressing domestic problem. In 1987, 54 percent of teens cited drugs as their greatest concern -- up from 27 percent only 10 years earlier. Adults share this concern, ranking student drug use ahead of discipline and educational quality among problems confronting schools. A July 1989 Gallup poll found that 27 percent of adults view the drug crisis as the most important problem facing the Nation -- marking the first time in the 50-year history of the poll that a social issue has topped the list of public concerns.

Since the Nation's crack epidemic began in 1986, an extraordinary amount of media, governmental, and public attention has focused on drug use. Funding for drug prevention and education programs in the Department of Education alone has grown from $3 million in 1986 to over $541 million in 1990. Nearly all States now require substance abuse education within their school systems, and local educational agencies are beginning to mandate drug education throughout the full 12 years of schooling.

The evidence indicates this massive campaign of public education has had an impact on drug use among young people. Results of the annual survey of high school seniors funded by the National Institute on Drug Abuse in 1989 show significant decreases in the use of nearly all types of illicit drugs. For example, the number of seniors reporting that they had ever used marijuana declined from 60.4 percent in 1979 to 43.7 percent in 1989. The number of seniors who had ever used cocaine declined from 17.3 percent in 1985 to 10.3 percent last year. In addition, perceptions among seniors of the harmful effects of drugs are becoming more negative. In 1978, only 68 percent of seniors thought there was "great risk" in using cocaine regularly compared with 90 percent in 1989.

These downward trends are occurring despite the continued widespread availability of drugs. In 1977, 33.8 percent of seniors said it would be "fairly easily" or "very easy" for them to obtain cocaine. In 1989, 58.7 percent said cocaine is "fairly easy" or "very easy" to acquire. These figures suggest that drug use is declining mainly because the demand for drugs is lessening.

But despite this good news, it is much too early to declare victory in our national war on drugs. Slightly more than half of our high school seniors have used an illegal drug by the time they graduate, and use rates among school dropouts appear to be even higher. Further, although the National Household Survey on Drug Abuse indicates that fewer Americans are currently using drugs, those who continue to be drug-involved appear to be using more drugs more heavily. Hospital and emergency room admissions related to drug use continue to rise.

We have also not made much headway in curbing the illegal use of alcohol by young people. More than 90 percent of high school seniors in 1989 had used alcohol, and 33 percent had consumed five or more drinks in a row in the two weeks prior to the survey. The impact of this widespread, and frequently heavy, drinking by young people is evident in statistics showing that alcohol-related highway accidents are the principal cause of death among young people ages 15 through 24. Furthermore, about half of all youthful deaths in drowning, fires, suicide, and homicide are alcohol-related. While these statistics are disturbing, fortunately there is much that can be done to improve them in the future.

Overview of the Department's Programs

The Department of Education supports education and prevention activities as a means of reducing the demand for illicit drugs. While State and local communities play the most critical role in developing and implementing drug use prevention education programs, the Department supports this role in three significant ways: (1) by providing leadership; (2) by disseminating information; and (3) by providing technical and financial assistance. In addition, the Department Vocational Rehabilitation program supports rehabilitation services for clients who are disabled as a result of drug dependency.

At the center of the Department's efforts are the programs authorized by the Drug-Free Schools and Communities Act (DFSCA) of 1986, as amended. These programs include State Grants, School Personnel Training, a number of National Programs, a new Emergency Grants program, and recently enacted Drug-Free School and Campus Certification requirements. The Department also supports the National Commission on Drug-Free Schools authorized by the Anti-Drug Abuse Act of 1988, and Innovative Alcohol Abuse Education programs authorized by the Fund for Innovation in Education under the Elementary and Secondary Education Act of 1965. Following is a brief discussion of each of these programs. (The Alcohol and Drug Abuse Education program previously authorized by the Education Consolidation and Improvement Act was last funded in 1987 and has been superseded by the DFSCA.)

State grants. Under what is by far the largest of the Department's drug-related programs, between 80 and 90 percent of the Nation's school districts currently receive funds on the basis of a formula that takes into consideration school-aged population, school enrollment, and Chapter 1 funding. All districts are eligible if they meet certain requirements. However, not all apply. Districts have considerable flexibility in using the funds to design programs to meet local needs. Funded activities include teacher and parent training; curriculum development, acquisition, and implementation; outreach programs; peer leadership and counseling programs; early intervention strategies; and prevention efforts in conjunction with State and local law enforcement agencies. The Governor of each State also receives a portion of State grants funds and is required to use them for local and community-based programs, including programs designed for "high-risk" youth.

School Personnel Training. Training of teachers and other school personnel in drug prevention education is authorized under the State grant program. However, Congress added this categorical program in 1988 amendments to the DFSCA out of concern that a lack of trained personnel might be a weak link in drug education. Competitive grants are awarded for projects to establish, expand, or enhance programs and activities for training in drug and alcohol abuse education and prevention for teachers, administrators, guidance counselors, and other school personnel. In 1989, the Department awarded 56 grants averaging $125,000 for these projects.

Grants to Institutions of Higher Education. Under the DFSCA, funds are set aside for grants to institutions of higher education (IHEs) for: (1) model demonstration programs coordinated with local elementary and secondary schools; and (2) programs of drug abuse education and prevention for students enrolled in IHEs. In fiscal years 1987-1989 funds under this set-aside also were used for teacher training programs; however, the DFSCA amendments of 1989 consolidated this teacher training program with the school personnel training program discussed above.

At least half of the funds reserved under this set-aside must be used to develop, implement, operate, and improve programs of drug abuse education and prevention for students enrolled in IHEs. The Department awards these funds annually through one or more grant competitions. Approximately 335 IHEs have received grants under this set-aside during the first three years (1987-1989) of the program. Several hundred more have participated indirectly in consortia with these grantees. In 1990 approximately $5 million of the IHE funds will also be used for demonstration projects coordinated with local elementary and secondary schools for the development of quality drug abuse education curricula and programs through the practical application of the findings of educational research and evaluation.

Federal Activities. The Federal Activities authority is the most flexible and responsive of the National Programs activities. These funds support a variety of programs and projects to get drugs out of schools, colleges, and communities, including: communicating to students the dangers of alcohol and drug abuse; developing and disseminating curriculum materials; providing technical assistance to State, local, and intermediate educational agencies in selecting and implementing curricula, approaches, and programs; and evaluating programs funded under the Act.

Each year the Department conducts one or more grant competitions to address identified needs in drug prevention education. For example, 1990 grants will support drug and alcohol abuse education and prevention activities for students in grades four through eight, in recognition of the fact that drug use often begins during these critical early adolescent years. Applicants for these grants were particularly urged to submit proposals that deal with problems experienced by children of substance abusers. Funds also will support a small number of demonstration projects for "alternative schools" programs to help children who have become involved with drugs re-enter the traditional school environment.

A great deal of drug prevention education information has been, and continues to be, disseminated nationally with Federal Activities funds. The Department's drug prevention handbook, Schools Without Drugs, has proved so popular that over 3 million copies have been distributed to date, including copies in Spanish. The Department has also produced and distributed drug prevention videotapes for every school district in the country; a guide to assist school officials in selecting and implementing commercially available drug prevention curricula; a curriculum model to assist school officials in developing or adapting curricula to best meet their own needs; a bimonthly newsletter, The Challenge; and, most recently, a new handbook for parents entitled Growing Up Drug Free: A Parent's Guide to Prevention. The Department also transfers funds each year to the Department of Health and Human Services to support the National Clearinghouse for Alcohol and Drug Information.

The Department has also initiated a number of special projects with Federal Activities funds. In 1987 the Department created the Network of Colleges and Universities Committed to the Elimination of Drug and Alcohol Abuse, to provide a support structure for IHEs as they endeavor to eliminate substance abuse on their campuses. This Network disseminates knowledge about successful drug prevention education programs, facilitates collaborative prevention and education efforts among IHEs, and identifies areas and problems for further research. As part of its mission, the Network has developed a set of standards for IHEs to adopt in their local efforts to build comprehensive programs and policies against drug and alcohol use. To date, over 1,200 IHEs have joined the Network.

Also in 1987, the Department created the Drug-Free School Recognition Program to identify and give special recognition to public and private elementary and secondary schools that: (1) have implemented a comprehensive drug-prevention and intervention program that has prevented, or substantially reduced, alcohol, tobacco, and other drug use among the student population; and (2) have an ongoing plan to remain or become drug-free. The goals of this program are to: (1) focus national attention on drug-free schools in America; (2) demonstrate, by example, that drug-free schools can be achieved and maintained by communities that strive for them; and (3) offer to school systems models of success in creating and maintaining drug-free schools that others may emulate. Recognized schools are honored each year at a White House ceremony and "showcased" through conferences and written materials. A total of 77 schools from around the Nation have been recognized by the program to date.

Another Federal Activities-funded project entails the development of drug abuse education and prevention curricula, programs, and training materials for use in early childhood education. Under this project the Department will support contracts to develop prevention materials for young children and their parents and caregivers. Once developed, these materials will be widely disseminated.

Federal Activities funds also support a number of evaluation efforts related to Drug-Free Schools. These include a descriptive study of how State and local DFSCA programs are planned, implemented, administered, and evaluated (due for completion in early 1991); a study to determine the extent to which these programs help to reduce and prevent student drug abuse (due to begin in Fall 1990); a study to determine whether substance use education and prevention programs supported with Federal Activities grants or honored in the Department's Drug-Free School Recognition Program have led to changes in students' knowledge, attitudes, and behaviors (due in mid-1992); a study of school personnel training programs funded under the DFSCA (due in early 1992); an evaluation handbook for administrators of school- and community-based prevention programs (due in late 1990); and the development of model reporting forms to assist program administrators to collect standard data on their activities and participants, and thereby improve the dissemination of information on effective prevention programs to educators, researchers, and parent and community organizations (due in Fall 1990).

Finally, the Department uses Federal Activities funds to support a number of drug prevention projects in coordination with other Federal agencies. In addition to co-sponsoring the National Clearinghouse for Alcohol and Drug Information in the Department of Health and Human Services, Education has worked with the National Institute on Drug Abuse to expand the sample size of 12- to 17-year-olds in the National Household Survey on Drug Abuse; entered into memoranda of agreement in support of the National Institute of Justice's Safe School Project, which provides management and training assistance to schools in the areas of student discipline and drug prevention, and with the Office of Juvenile Justice and Delinquency Prevention, to support student-centered drug prevention programs in the District of Columbia public schools; participated in the Surgeon General's Workshop on Drunk Driving; and developed, with the Food and Drug Administration, an information campaign focusing on the dangers of steroids.

Programs for Indian Youth. A small percentage of funds is reserved under the DFSCA for programs that support alcohol and drug abuse education and prevention for Indian children on reservations served by the Department of the Interior. The Bureau of Indian Affairs has operated this program since 1987, guided by a memorandum of understanding between the Departments of Education and Interior. These funds support a variety of activities, including curriculum implementation, inservice and preservice workshops, training of students and school teams, and drug education conferences.

Programs for Hawaiian Natives. A small percentage of funds is also reserved under the DFSCA for alcohol and drug abuse education programs for the benefit of Hawaiian Natives. To be considered for funding under this program, applicants must be recognized by the Governor of Hawaii. In 1987, a three-year award was granted to the Kamehameha Schools/Bernice Pauahi Bishop Estate to operate this program; a new competition will be held in 1990. Funds have been used primarily to develop a community-based substance abuse prevention demonstration program to teach parents culturally appropriate ways to identify and address substance abuse issues in their families.

Regional Centers. Under this program, awards are made to five regional centers to: (1) train school teams to assess alcohol- and drug-related problems confronting their schools and mobilize communities in response to those problems; (2) help local educational agencies and institutions of higher education develop drug prevention training programs for teachers and school personnel; (3) evaluate anti-drug programs and strategies for effectiveness and disseminate information about successful programs; and (4) assist State educational agencies in coordinating and strengthening alcohol and drug abuse prevention policies and programs in schools. On average, the centers have spent about half their time providing training and assistance to school teams, about a quarter of their time evaluating and disseminating information on programs and strategies, and about a quarter of their time providing assistance to State and local educational agencies and institutions of higher education. A new regional centers competition will be held during 1990.

Emergency Grants. This program, a component of the President's educational excellence initiative, was established by the Drug-Free Schools and Communities Act Amendments of 1989 to provide funds to school districts that demonstrate a significant need for additional assistance in combatting drug and alcohol use. The program will be administered under the DFSCA State grants authority in 1990 and as a Federal discretionary program beginning in 1991. In 1991, districts will compete for funding to support a comprehensive range of services, including educational programs, counseling programs, enhancement of school security, after-school programs, programs for parents and other community outreach efforts, and alternative programs for students with a history of drug abuse or others who are difficult to reach in the regular school setting. Grants will range from $100,000 to $1,000,000.

Drug-Free Certification Requirements. At the urging of the Administration, the Congress recently amended the DFSCA to require institutions of higher education and local school systems to adopt and implement drug and alcohol abuse prevention programs for their students and employees or risk losing Federal financial assistance. The Department is currently drafting regulations to implement and enforce this requirement, which will take effect October 1, 1990. No Federal funds are authorized under this new provision; however, IHEs and school districts may use DFSCA funds to implement the required programs for students.

National Commission on Drug-Free Schools. The Anti-Drug Abuse Act of 1988 authorized creation of a 26-member National Commission on Drug-Free Schools to advise the President and the Congress on strategies and criteria for achieving drug-free schools. The Commission is co-chaired by the Secretary of Education and the Director of the Office of National Drug-Control Policy. Funds to operate the Commission were appropriated in 1990 to the Department of Education, where the Commission is administered. The Commission has been holding meetings around the country to solicit testimony and discuss the wide range of issues related to its mission, and will submit a report of its findings and recommendations in September 1990.

Innovative Alcohol Abuse Education. This program, authorized by the Anti-Drug Abuse Act of 1988 as an amendment to the Fund for Innovation in Education under Title IV of the Elementary and Secondary Education Act of 1965, was funded for the first time in 1990. The Department will use these funds to develop materials for programs of alcohol abuse education, particularly to benefit children in grades 5 through 8 who are children of alcoholics. In future years funds for this program will support grants to train educators about the special problems such children may have and to use the materials developed from the first year of funding.

Vocational Rehabilitation (VR) State Grants. This program provides funding for activities to rehabilitate disabled individuals. Funds are allocated to States and Territories on the basis of their population and per capita income. While drug rehabilitation is by no means the major focus of this program, persons who are considered drug dependent can qualify for VR services if their disability constitutes a substantial handicap to employment. Amounts shown on the preceding funding table reflect 1.5 percent of the total for the VR State grant program, a percentage corresponding to the cost of providing services to the estimated number of clients served whose drug dependency is considered a primary or secondary disability.

Summary. The Department of Education strives, through the kinds of leadership, information sharing, and technical and financial assistance described above, to reach into every community, every family, and every school to bring an awareness of the drug problem to everyone and to motivate each citizen to participate in the fight against drugs. In the broadest sense this means encouraging non-users to remain drug-free and motivating current users to stop drug use. The Department encourages development of creative responses, especially at the local level, to meet each community's needs, while national initiatives are geared to raising awareness of illegal drug use, mobilizing citizen action, and creating an environment in which illegal drug use is acceptable. Ultimately, the purpose of the Department's programs is to bring the Nation significantly closer to the goal of a drug-free society. Consistent with this goal is the objective of drug-free schools, families, and youth. A drug-free environment provides children with the best chance of learning, and of establishing healthy attitudes and habits that will affect their entire lives.

While the role and policies of the Department are largely limited to education and prevention, these strategies alone cannot solve the Nation's drug problem. Our efforts are undertaken in partnership with other Federal and non-Federal efforts to reduce the demand for and supply of drugs, prosecute and incarcerate those who distribute illegal drugs, and treat and rehabilitate those already addicted.

EDUCATION RESEARCH AND DEVELOPMENT
(budget authority in thousands)

	1989	1990	1991
Compensatory Education for the Disadvantaged.........	$4,900	$5,800	$9,400
School Improvement Programs..................	3,900	6,000	6,700
Bilingual and Immigrant.....	2,600	2,600	2,600
Education for the Handicapped...............	26,900	29,900	27,900
Rehabilitation Services and Handicapped Research..	54,500	58,100	56,600
Special Institutions for the Handicapped...........	4,600	5,100	5,800
Vocational and Adult Education.................	15,400	16,400	9,100
Higher Education............	1,900	2,400	2,500
Howard University...........	2,900	2,900	2,900
Research, Statistics and Improvement of Practice...	27,700	32,700	39,100
Library Programs............	300	300	300
Total, Department of Education.................	145,600	160,200	162,900
National Science Foundation (Science and Engineering Education)...............	10,500	11,100	11,500
Department of Health & Human Services (Head Start)	1,500	1,500	3,500
Department of Labor.........	--- 1/	--- 1/	--- 1/
Total	157,600	172,800	177,900

1/ The Department of Labor reported that less than $1 million of the amounts reported for research and development each year was education related.

COMPENSATORY EDUCATION FOR THE DISADVANTAGED

Evaluation and Technical Assistance

The applied research activities funded under Chapter 1: Evaluation and Technical Assistance will support program evaluations needed to provide the Administration and Congress with information and data for use in formulating legislative and budget policy for 1991 and beyond. The primary focus of this activity will be the continuation of the mandated Chapter 1 Longitudinal Study begun in 1989. This study is expected to continue through 1997.

Even Start

The applied research activities funded under Even Start will support the independent annual evaluation of the program required by section 1058 of the Elementary and Secondary Education Act of 1965 (P.L. 100-297).

SCHOOL IMPROVEMENT

Drug-Free Schools and Communities National Programs

Funds provide for a study of the implementation of the Drug-Free Schools and Communities Act, as well as plans to examine program effectiveness.

Mathematics and Science National Programs

Funds awarded in 1989 and 1990 support a science center. The third and final year of support planned for the center is 1990.

Fund for Innovation in Education

In 1989, funds provide for studies of early childhood education and studies of viewer responses to children's television episodes funded under this program. These will be continued and supplemented by studies of open enrollment programs for public schools and studies of innovative educational reforms.

Jacob K. Javits Gifted and Talented Student Education

The Gifted and Talented Students Education Research Center conducts research on methods and techniques for identifying and teaching gifted and talented students, and conducts program evaluations and surveys of gifted and talented programs.

BILINGUAL AND IMMIGRANT EDUCATION

Three general objectives guide the bilingual education research program -- assessing the extent of need for educational services authorized by the Bilingual Education Act, increasing the effectiveness of services for limited English proficient students, and improving program management and operations. Two studies, begun in 1987 to assess the demand for new bilingual classroom teachers, should produce initial findings in late 1989. One of these, "Recent

College Graduates," examines what happens to individuals who graduate with a teaching certificate in bilingual education or English-as-a-second language. The other, "Schools and Staffing Survey," evaluates the unmet demand for new bilingual education or English-as-a-second language teachers. A 1988 project to determine the demand for the Bilingual Fellowship program should be completed in 1990. A study of innovative approaches for educating limited English proficient students which was initiated in 1987 should produce findings in 1990 relating to: literacy, mathematics and science instruction, school dropout prevention, and education for exceptional children.

Studies funded in 1989 include a study of effective strategies for teaching English to limited English proficient secondary school students and adults, a study of capacity building at the State and local levels, an evaluation of the educational personnel training program, and a descriptive study of the immigrant and refugee education programs. At least one major new project is planned for 1990 - a national descriptive study of instructional services for language minority, limited English proficient students. The descriptive study would likely constitute the first phase of a new longitudinal impact study to be completed in the mid 1990s. Much of the 1991 research budget will cover continuation costs for this study.

EDUCATION FOR THE HANDICAPPED

The Special Purpose Funds programs provide support for a variety of activities related to improving early intervention and educational services for handicapped children, aged birth through 21. Special Purpose Funds also support evaluation studies dealing with the management of these programs and assessment of progress in the implementation of the Education of the Handicapped Act.

The authorizations for Special Purpose Funds programs expire at the end of fiscal year 1990. Funding for these activities is proposed for later transmittal based on proposed legislation. Since this legislation is not yet enacted the estimates for research and development funding in fiscal year 1991 must be considered very approximate. Research and development funds will be used to support a variety of activities, including projects dealing with early intervention services, early childhood education, severely handicapped children, technology, secondary and transitional services, and other areas.

REHABILITATION SERVICES AND HANDICAPPED RESEARCH

In 1989, two programs in the Rehabilitation Services and Handicapped Research account provided support for research and development: the National Institute on Disability and Rehabilitation Research (NIDRR), and Evaluation. In 1990 and 1991, three programs will provide support for research and development: NIDRR, Evaluation, and Technology Assistance.

NIDRR supports research and dissemination activities, including rehabilitation research and training centers, rehabilitaion engineering centers, and other research and demonstration activities.

Under the Evaluation program, the Rehabilitation Services Administration conducts studies on the impact and effectiveness of activities authorized by the Rehabilitation Act of 1973. Studies are designed to provide information for policy decisions related to program management and improvement.

The Technology Assistance program provides grants to States to develop and implement statewide systems of technology-related assistance. In 1990, funds will be used to support the following mandated activities: a national evaluation of the grants to States program, a study on financing assistance technology devices and services, and a study to determine the feasibility of creating a national information and program referral network. A portion of these funds will also be used to support some model projects.

SPECIAL INSTITUTIONS FOR THE HANDICAPPED

Gallaudet University

The University maintains a research institute which conducts research within a wide range of disciplines, including genetics, linguistics, statistics, audiology, psychology, demography, and other areas which have an impact on the field of deafness. The work of the institute is organized into five major research programs: The Center for Assessment and Demographic Studies collects educationally relevant information on hearing impaired students, conducts demographic analyses on characteristics of disabled populations, and does research on assessment instruments for use with deaf people. The Center for Studies in Education and Human Development carries out programs of research on teaching, learning, development, and mental health in relation to deafness. The Center for Auditory and Speech Sciences conducts research on auditory perception by deaf persons and technological means for improving communication. The Genetic Services Center focuses on the hereditary causes of deafness. The Technology Assessment Program conducts studies on the use of technology by and for hearing-impaired individuals.

American Printing House for the Blind

Projects include the development of materials for braille reading, language development, spelling, low vision, and the multihandicapped. Efforts in 1991 will focus on the development of educational tests and measures, braille materials, educational software and peripheral hardware for microcomputer applications, and specialized materials for blind children below the age of three.

National Technical Institute for the Deaf

The Institute conducts applied research relating to deafness in three primary areas. These are communications, assessment, and training; education and training; and graduate accommodation. Research projects focus on issues related to persons who are deaf such as economic and occupational assimilation, academic and technical skills, communication skills, personal/social skills, effective instruction, and institutional planning, evaluation and change. The Institute also evaluates the success of its programs in preparing deaf students for employment and the changing characteristics of deaf students and the national job market in terms of technical education needs and the Institute's programs.

Special Institutions for the Handicapped Evaluation Studies

The Education of the Deaf Act of 1986 greatly increased the monitoring and evaluation responsibilities of the Secretary for Gallaudet University. The Department has been engaged in a variety of evaluation activities including several small studies funded through salary and expense account activities. In 1991, funds would be used to conduct a baseline study of higher education opportunities for persons who are deaf, the characteristics of deaf students making the transition to postsecondary education, and the role of federally-supported programs in providing postsecondary education and training for this population. This request is based on a small planning study begun in 1988. The purpose of the study was to advise the Department on priorities and appropriate research questions for studies related to the Special Institutions for the Handicapped that serve persons who are deaf.

VOCATIONAL AND ADULT EDUCATION

The research and development program for vocational education is designed to improve the practice of vocational education through a variety of activities, including the National Center for Research in Vocational Education, a network of six vocational education curriculum coordination centers, discretionary research and evaluation projects, and the National Occupational Information Coordinating Committee, which assists States in developing and adapting occupational information systems.

Adult Education activities are designed to address the need for research on the effectiveness of Federal adult education programs; provide new information on the target population and participants in adult education, the characteristics of programs, and emerging issues in the field; and identify effective approaches and practices for dissemination to State and local programs.

HIGHER EDUCATION

International Education and Foreign Language Studies

This activity supports research and development efforts that contribute to strengthening the capability, performance, and overall excellence of American education with respect to foreign language and area studies and international studies. These research and development efforts are designed to accomplish such objectives as determining the national need for increased or improved fellowships and international studies instruction; increasing and improving understanding of foreign language skills acquisition and proficiency and its measurement; increasing and improving understanding of effective foreign languages and more appropriate testing and measurement procedures and materials; and investigating the use of computers and other educational technology in improving foreign language teaching and learning.

Fund for the Improvement of Postsecondary Education

FIPSE stimulates improvements in education beyond high school by supporting exemplary, locally-developed projects that encourage innovative reform and improvement of postsecondary education and equal educational opportunity for all. In the past, approximately three percent of the funds available have been used to finance research and development activities.

HOWARD UNIVERSITY

Federal funding for research activities was first provided in 1985 as a supplement to improve Howard's capacity to compete for and acquire research grants. The research activity currently funds post-doctoral fellowships and laboratory equipment, primarily in scientific disciplines. The appropriation for Howard's research activity has been level-funded at its present amount since fiscal year 1989.

RESEARCH, STATISTICS, AND IMPROVEMENT OF PRACTICE

These funds are used to support general education research and development designed to advance public knowledge about, and understanding of, educational practice; and to solve, alleviate, or illuminate educational problems. In 1991, funds will support a major network of national centers to carry out research and development activities in the following areas: education technology; effective schooling for the disadvantaged; reading education; teaching in the school context; school leadership; learning and teaching elementary subjects; dissemination and knowledge utilization in education; assessment, evaluation, and testing; families, communities, and children's learning; education in the inner cities; cultural diversity and second language learning; writing and literacy; student learning; learning to teach; postsecondary learning, teaching, and assessment; teacher performance evaluation and accountability; education policies and student learning; adult literacy; education quality of the workforce; organization and restructuring of schools; mathematics teaching and learning; science teaching and learning; education finance and productivity; and literature teaching and learning. Funds will also support applied research and development activities to be carried out by ten regional educational laboratories according to needs in the regions and priorities of their governing boards. Finally, funds will support field-initiated research studies, research grant competitions on priority topics yet to be identified, and research and development on how to achieve the national goals in education.

LIBRARY PROGRAMS

This program supports projects designed to improve services in all types of libraries. Projects to be funded will concern such areas as access to information, information needs and users, library funding and economics, and libraries as they relate to the education establishment.

EDUCATION IN THE UNITED STATES: BASIC STATISTICAL MEASURES

1. Participation in Education

- Over 25 percent of the people in the United States are students or are employed by the schools or colleges.

Education Participants	1988-89 (Estimated, in millions)
Number of students	
Elementary and secondary	45.4
Postsecondary	12.8
Teaching staff	3.4
Nonteaching staff	3.5
Total participants	65.2
Total population	245.8

2. Number of Schools

- About 15,600 school districts operated over 83,000 public elementary and secondary schools in 1987-88.

- There were almost 3,600 colleges and universities and 8,500 other postsecondary institutions in 1987-88.

- There were over 26,000 privately operated elementary and secondary schools in 1985-86.

Elementary and secondary	Public 1987-88	Private 1985-86
Elementary	59,311	15,303
Secondary	20,758	2,438
Combined	2,179	4,949
Other schools*	1,000	2,926
Total	83,248	25,616

*Includes special education, alternative, and others not reported by grade span.

Colleges and universities	1987-88		
	Total	Public	Private
4-year colleges	2,135	599	1,536
2-year colleges	1,452	992	460
Total	3,587	1,591	1,996

3. Enrollment

- After years of decline, public elementary and secondary (el/sec) enrollment began rising in 1985.
- Higher education enrollment has increased during the past two decades despite a drop in the traditional college-age population beginning in the early 1980s.
- Since 1980, private school enrollment has remained relatively stable.
- The rise in higher education enrollment is due partly to a substantial increase in the number of women, of older, and of part-time students.

Enrollment in public elementary and secondary schools and higher education institutions.

	Enrollment in fall (students, in millions)				
	1975	1980	1985	1990*	1995*
Elementary (K-8)					
Public	30.5	27.7	27.0	29.4	30.8
Private	3.7*	4.0	4.2	4.2	4.4
Secondary (9-12)					
Public	14.3	13.3	12.5	11.4	12.7
Private	1.3*	1.3	1.4	1.2	1.3
Total elem/sec (K-12)					
Public	14.3	13.3	12.5	11.4	12.7
Private	1.3*	1.3	1.4	1.2	1.3
Higher education					
Public	8.8	9.5	9.5	10.2	10.1
Private	2.4	2.6	2.8	2.9	2.8
Total	61.0	58.4	57.35	9.3	62.1

*Projected.

Total higher education enrollment

	% Distribution in fall				
	1970	1975	1980	1985	1990*
Male	58.8	55.0	48.8	47.5	45.5
Female	41.2	45.0	51.2	52.5	54.5
Full-time	67.8	61.2	58.7	57.8	56.2
Part-time	32.2	38.8	41.3	42.2	43.8
14-21 years old	55.2	47.5	46.1	42.6	44.0
22-29 years old	29.5	31.5	31.9	31.7	28.9
30 years old and older	15.3	21.0	22.0	25.7	27.1

*Projected.

4. Teachers

- In the fall of 1988, there were approximately 2.6 million elementary and secondary school teachers in public and private schools.

- Over the past 20 years, the number of teachers has risen steadily despite a general decline in enrollment.

Number of elementary and secondary teachers

Fall of Year	Total	Public	Private
	(teachers in thousands)		
1960	1,600	1,408	192*
1965	1,933	1,710	233
1970	2,288	2,055	233
1975	2,451	2,196	255*
1980	2,485	2,184	301
1985	2,550	2,207	343
1986	2,592	2,244	348*
1987	2,627*	2,279*	348*
1988	2,641*	2,296*	345*

*Estimated.

- Since 1970, the faculty in public institutions has increased at a faster rate than the faculty at private institutions.

Number of faculty at institutions of higher education 1/

Fall of Year	Total	Public	Private
	(faculty in thousands)		
1970	474	314	160
1975*	628	443	185
1980*	686	495	191
1985*	715	503	212
1986*	722	510	212
1987*	736	523	213
1988*	741	524	217

*Estimated.

1/ Includes professors; associate, assistant, adjunct, and interim professors; instructors; lecturers; and teaching assistants.

- Although mean salaries for public school personnel have risen since 1976, they rose more slowly than the inflation rate between 1976-1980 and faster than the inflation rate in the 1980s.

Salaries in public schools and higher education

	School year ending			
	1976	1980	1986	1988
	(constant 1988 dollars)			
Teachers				
Average	$25,823	$22,808	$27,248	$28,230
Beginning	18,184	16,663	17,635	18,657
Superintendents	57,537	58,390	65,442	68,147
H.S. Principals	48,391	41,881	47,209	50,512
Higher Education faculty*	34,745	31,883	34,483	36,011

*Includes public and private institutions.

- For the last 20 years, the percentage of female elementary/secondary public school teachers has been between 65 and 70 percent.

- Almost 90 percent of all public elementary/secondary teachers are white. In 1986, about 7 percent of public elementary/secondary teachers were black--a considerably lower percentage than the proportion of black students.

Public elementary/secondary teachers, by sex and race

	% Distribution in fall				
Fall of:	1965	1970	1975	1980	1985
Sex					
Male	31.1	34.3	32.9	33.1	31.2
Female	69.0	65.7	67.0	66.9	68.8
Race					
White	---	88.3	90.8	91.6	89.6
Black	---	8.1	8.0	7.8	6.9
Other	---	3.6	1.2	0.7	3.4

---Not available.

5. Revenues

- In 1979, an historic shift occurred when the State share of revenues rose above the local share for the first time. The Federal share for elementary and secondary schools has always been relatively small.

Revenues for public elementary and secondary schools

School year ending	Total revenues $ billions	% Distribution		
		Federal	State	Local
1920	$1.0	0.3	16.5	83.2
1930	2.1	0.4	16.9	82.7
1940	2.3	1.8	30.3	68.0
1950	5.4	2.9	39.8	57.3
1960	14.7	4.4	39.1	56.5
1970	40.3	8.0	39.9	52.1
1975	64.4	9.0	42.2	48.8
1979	88.0	9.8	45.6	44.6
1980	96.9	9.8	46.8	43.4
1981	105.9	9.2	47.4	43.4
1982	110.2	7.4	47.6	45.0
1983	117.5	7.1	47.9	45.0
1984	126.1	6.8	47.8	45.4
1985	137.3	6.6	48.9	44.4
1986	149.1	6.7	49.4	43.9
1987	158.8	6.4	49.8	43.9

- Despite dramatic tuition increases in recent years, tuition accounted for only about 15 percent of all revenues in public institutions of higher education in 1986 and about 39 percent in private ones.

Higher education revenues, school year ending 1986

	% Distribution				
	Tuition	Federal	State	Local	Other
Public	14.5	10.5	45.0	3.6	26.4
Private	38.6	16.5	1.9	0.6	42.4

6. Expenditures

- Beginning in 1982, current-fund per student in public elementary/secondary schools began rising again, reaching a record high of $3,987 in 1989 in constant 1987-88 dollars.

Expenditures per student in constant 1987-88 dollars

School year ending	Current-fund expenditures per student 1/		
	Public el/sec	Higher education	
		Public	Private
1970	$2,300	---	---
1975	2,813	$8,837	$13,906
1978	3,101	8,883	13,967
1980	3,117	8,816	13,639
1982	3,104	8,390	13,295
1985	3,521	9,552	15,342
1987	3,832	10,083 2/	16,168 2/
1988	3,911 3/	---	---
1989	3,987 3/	---	---

1/ Current-fund expenditures are monies spent to meet current operating costs. They exclude capital expenditures, interest on school debts, loans, and investments. Constant 1987-88 dollars.

2/ 1985-86 data (latest avaiable).

3/ Preliminary.

- Total expenditures on education account for about 7 percent of our gross national product (GNP).
- After rising rapidly between 1959 and 1969, the proportion of GNP spent on education declined slightly as enrollment in elementary and secondary schools declined.

GNP, total education expenditures, and expenditures as % of GNP

Calendar year	GNP $ in billions	School year ending	Expenditures	
			In billions	As % GNP
1939	$91.3	1940	$3.3	3.6
1949	260.4	1950	8.9	3.5
1959	495.8	1960	23.9	4.8
1969	963.9	1970	68.5	7.1
1979	2,508.2	1980	165.6	6.6
1980	2,732.0	1981	182.8	6.7
1981	3,052.6	1981	197.8	6.5
1982	3,166.0	1983	212.1	6.7
1983	3,405.7	1984	228.6	6.7
1984	3,772.2	1985	247.7	6.6
1985	4,014.9	1986	269.5	6.7
1986	4,240.3	1987	290.9	6.9
1987	4,526.7	1988	310.0	6.8

*Estimated.

- In 1989-90 the U.S. is expected to invest over $353 billion in education at all levels from all sources of funding.

Estimated Direct Expenditures for Education in U.S.
(dollars in billions)

	1988-89 1/		1989-90 1/	
Sources of Funds by Level	Dollars	Percent	Dollars	Percent
Elementary and Secondary				
Federal 2/	$11.2	5.6%	$11.9	5.6%
State	91.0	45.7	97.1	45.8
Local	80.6	40.5	85.8	40.4
All Other	16.3	8.2	17.3	8.2
Subtotal, Elementary and Secondary	199.1	100.0	212.2	100.0
Postsecondary				
Federal 2/	20.4	15.5	21.8	15.5
State	39.0	29.7	41.9	29.8
Local	5.1	3.8	5.4	3.9
All Other	66.9	50.9	71.7	50.9
Subtotal, Postsecondary	131.4	100.0	140.9	100.0
All Levels				
Federal 2/	31.6	9.6	33.7	9.6
State	130.1	39.4	139.1	39.4
Local	85.6	25.9	91.2	25.8
All Other	83.2	25.2	89.0	25.2
Total, All Levels	330.5	100.0	353.1	100.0

1/ Projected.
2/ Includes expenditures of all Federal agencies.
NOTE: Federally support student aid that goes to higher education institutions through students' tuition payments is shown under "All Other" rather than "Federal." Such payments would add substantial amounts and several percentage points to the Federal share.

7. Educational achievement

- The proportion of 17-year olds who graduated from high school rose markedly through the 1960s, but there has been little change since then.

- At its highest point in 1970, there were about 77 graduates for every 100 persons 17 years of age--the highest percentaged in U.S. history. This percentage generally declined throughout the 1970s, falling to a low point of 71 percent in 1979-80. Since then the proportion has risen slightly.

High school graduates compared with population 17 years of age

School year ending	Total 17-year-olds (in thousands)	High school graduates 1/ (in thousands)	Graduates as % 17-year-olds
1870	815	16	2.0
1910	1,786	156	8.8
1920	1,855	311	16.8
1930	2,296	667	29.0
1940	2,403	1,221	50.8
1950	2,034	1,200	59.0
1960	2,672	1,858	69.5
1970	3,757	2,889	76.9
1975	4,256	3,133	73.6
1980	4,262	3,043	71.4
1985	3,658	2,677	73.2
1986	3,621	2,642	73.0
1987	3,696	2,698	73.0
1988 2/	3,779	2,793	73.9
1989 2/	3,761	2,781	74.0

1/ Includes graduates of public and private schools. For most years, private school data have been estimated.

2/ Estimated.

NOTE: Includes graduates of regular day school programs. Excludes graduates of other programs, when separated reported, and recipients of high school equivalency certificates.

- More and more people who did not complete high school by age 17 or 18 are returning to school or receiving high school equivalency certificates after passing tests such as the General Educational Development (GED) test, thus boosting the high school completion rate for older Americans.

- The number of people taking the GED exam increased more than tenfold from 1958 to 1987. Over three and a half million people passed the test from 1980 through 1987.

- The education level of the U.S. adult population has been increasing since 1940. However, the increase among young adults (ages 25-29) has slowed substantially since 1980.

Level of school completed, by age

	Level of school completed			
	% Ages 25 and over		% Ages 25 to 29	
Year	4 years of high school* or more	4 years of college or more	4 years of high school* or more	4 years of college or more
1940	24.5	4.6	38.1	5.9
1950	34.3	6.2	52.8	7.7
1960	41.1	7.7	60.7	11.0
1970	55.2	11.0	75.4	16.4
1980	68.6	17.0	85.4	22.5
1986	74.7	19.4	86.1	22.4
1987	75.6	19.9	86.0	22.0
1988	76.2	20.3	85.9	22.7

*Includes recipients of high school equivalency certificates.

- The U.S. Department of Education estimated that during the 1987-88 academic year more than 1.8 million college degrees were awarded.

College degrees awarded

School year ending	AA/AS	BA/BS	MA/MS	Ph.D	First Profes-sional
1971	252,610	839,730	230,509	32,107	37,946
1976	391,454	925,746	311,771	34,064	62,649
1981	416,377	935,140	295,739	32,958	71,956
1986	446,047	987,823	288,567	33,653	73,910
1987*	427,000	987,000	291,000	34,200	73,700
1988*	430,000	989,000	292,000	33,500	72,000

*Estimated.

AA/AS	Associate of arts, associate of sciences degrees.
BA/BS	Bachelor of arts, bachelor of sciences degrees.
MA/MS	Master of arts, master of sciences degrees.
Ph.D.	Doctor of philosophy degrees.

First professional: Chiropractic, dentistry, law, medicine, optometry, osteopathic medicine, pharmacy, podiatry, theology, and veterinary medicine degrees.

Sources and Notes for Basic Statistical Education Measures

NOTE: Details may not add to totals due to rounding.

Sources:
U.S. Department of Education, National Center for Education Statistics (NCES): Digest of Education Statistics, 1989; Common Care of Data survey; National Survey of Private Schools, 1985-86, 1987; Integrated Postsecondary Education Data System, "Institutional Characteristics" survey, 1986-87; Statistics of State School System; Statistics of Public Elementary and Secondary Schools; Statistics of Nonpublic Elementary and Secondary Schools; Targeted Forecast, "Public Elementary Enrollment Continues to Increase While Public Secondary Enrollment Decreases This Fall," 1988; Targeted Forecast, "Next 5 years: Higher Education Enrollment Fluctuates," 1988; Fall Enrollment in Colleges and Universities survey; Statistics of Public High Schools; Biennial Survey of Education in the United States; Degrees and other Formal Awards Conferred survey; Targeted Forecast, "Doctoral and First-professional Degrees Awarded to Women Project to Increase," 1988; and unpublished data.

U.S. Department of Commerce, Bureau of the Census: Statistical Abstract of the United States, various years; Current Population Reports, Series P-25, various years; and unpublished data. Data from very early years are from the decennial census of the population.

Council of Economic Advisers, Economic Indicators.

Additional information:
For additional information, visit your local library or an Educational Resources Information Center (ERIC) service provider. The ERIC system, largest eduction database in the world, makes education information easily available to the public. Call 1-800-424-1616, or write to the U.S. Department of Education, Information Services, Public Information Division, 555 New Jersey Avenue NW, Washington, DC 20208-5614.

DEPARTMENT OF EDUCATION

Student Achievement

Table of Contents

Introduction........................Page 2
Scholastic Aptitude Test Scores....Page 3
Reading Achievement................Page 5
Writing Achievement................Page 7
Mathematics Achievement............Page 9
Science Achievement................Page 12
Geography Achievement..............Page 16

DEPARTMENT OF EDUCATION

Student Achievement

The six national education goals that resulted from the historic education summit in Charlottesville are a challenge that must be met if our nation is to be internationally competitive in the next century. Goal Number Three sets objectives for student achievement and citizenship, and is concerned with improving "demonstrated competency over challenging subject matter" among students from all races, income levels, and educational backgrounds.

Academic performance as measured by standardized tests shows that students cannot perform many ordinary tasks. Only a small portion of 17-year-olds perform at the highest proficiency levels. Available trend data show that overall performance of U.S. students is not changing significantly. The gap between white and black and Hispanic students has been reduced, but is still serious. The percentage of all 18- and 19- year olds who have completed high school seems to have stabilized at around 75 percent. Performance levels are changing very slowly despite increases in teacher salaries and relatively stable enrollments.

This report presents information on Scholastic Aptitude Test scores, as well as student achievement in reading, writing, science, mathematics, and geography. Chronological and international comparisons are provided when available.

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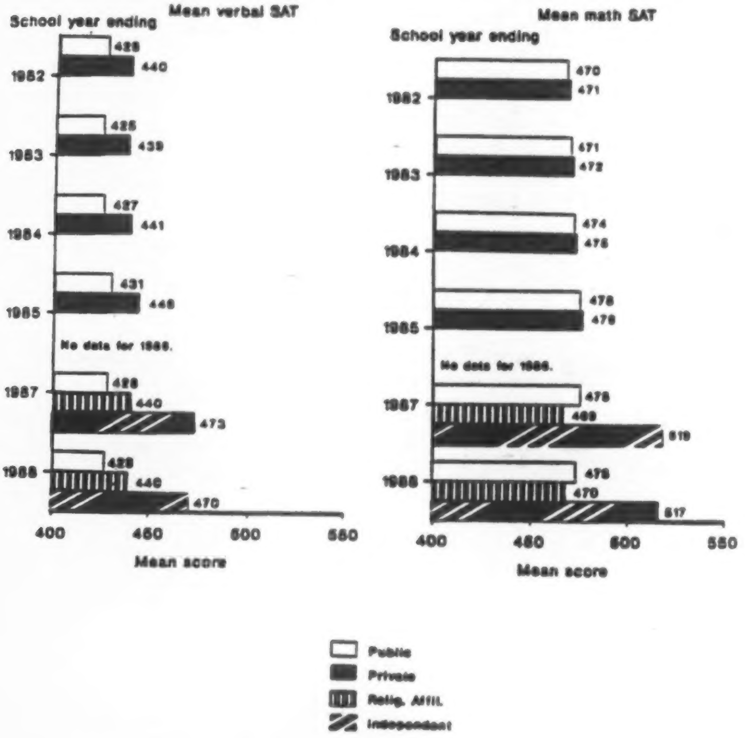
Scholastic Aptitude Test (SAT) Scores by Control of High School

Because of the changing mix of students by ethnicity and ability taking the SAT, definitive conclusions cannot be made on whether students with similar backgrounds perform better or worse now than in previous years. However, differences in scores between public and private school students are worthy of further analysis. Beginning in 1987, private schools began to be reported in two categories: "religiously affiliated" and "independent". From 1982 to 1985 mean mathematics scores were comparable for public and private school students. The mean verbal score of private school students, however, was typically 14 points higher than that of public school students.

Mean verbal and math SAT, by control of high school: 1982–1988



NOTE: As of 1987, private is reported as religiously affiliated or independent.

SOURCE: College Entrance Examination Board, *The National Report of College-Bound Seniors, Profile of SAT & Achievement Test Takers*, various years.

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Scholastic Aptitude Test (SAT) Scores, by Control of High School: Selected School Years Ending 1982-1988

School year ending and control	Verbal	Math
	Mean test scores	
1982		
Public	426	470
Private	440	471
1983		
Public	425	471
Private	439	472
1984		
Public	427	474
Private	441	475
1985		
Public	431	478
Private	446	479
1987		
Public	428	476
Religiously affiliated	440	469
Independent	473	519
1988		
Public	426	476
Religiously affiliated	440	470
Independent	470	517

Mean SAT score (difference from national mean)

	National	Public	Religiously Affiliated	Independent
Verbal	428	426 (-2)	440 (+12)	470 (+42)
Math	476	476 (0)	470 (-6)	517 (+41)

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Student Achievement in Reading

The results across the three ages show tremendous growth in reading comprehension as students move through school. The results also indicate improvement from 1971 to 1988 at all three ages, particularly at the lower levels on the scale. However, no gains are evident at the higher levels of reading ability defined by NAEP, characterized by adept and advanced skills and strategies.

Level 150 -- Rudimentary Skills and Strategies: Performance at this level suggests the ability to carry out simple, discrete reading tasks.

Level 200 -- Basic Skills and Strategies: Performance at this level suggests the ability to understand specific or sequentially related information.

Level 250 -- Intermediate Skills and Strategies: Performance at this level suggests the ability to search for specific information, interrelate ideas, and make generalizations.

Level 300 -- Adept Skills and Strategies: Performance at this level suggests the ability to find, understand, summarize, and explain relatively complicated information.

Level 350 -- Advanced Skills and Strategies: Performance at this level suggests the ability to synthesize and learn from specialized reading materials.

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Percentage of Students at or Above the Five Levels of Reading Proficiency, 1971 to 1988*

	Age	1971	1980	1988	Percent Change 1971 to 1988
Rudimentary (Level 150)	9	90.5*	94.6	93.0	+2.5*
	13	99.8	99.9	99.8	0.0
	17	99.6	99.8	100.0	+0.4
Basic (Level 200)	9	58.2*	67.6*	62.5	+4.3*
	13	92.8*	94.9	95.1	+2.3*
	17	95.9	97.2	98.9	+3.0
Intermediate (Level 250)	9	15.3	17.2	17.0	+1.7
	13	57.9	60.9	58.0	+0.1
	17	78.5*	81.0*	86.2	+7.7*
Adept (Level 300)	9	1.0	0.6	1.2	+0.2
	13	9.8	11.3	10.6	+0.8
	17	39.2	38.5	41.8	+2.6
Advanced (Level 350)	9	0.0	0.0	0.0	0.0
	13	0.1	0.2	0.2	+0.1
	17	6.6*	5.3	4.8	-1.8*

*Items starred are statistically significant at the .05 level. The "+" symbol denotes a gain in the percentage of students reaching a certain level of proficiency in 1988, while the "-" symbol denotes a loss.

Source: The Reading Report Card, 1971-88. National Assessment of Educational Progress, January 1990.

Student Achievement in Writing

Informative writing is used to share knowledge and convey messages, instructions, and ideas. Persuasive writing attempts to bring about some action or change. Imaginative writing provides a special way of sharing our experiences and understanding the world. Five levels of proficiency were defined for each task: non-rateable, unsatisfactory, minimal, adequate, and elaborated. Non-rateable responses included those that were blank, off-task, and unreadable. Unsatisfactory responses were those that failed to reflect a basic understanding of the purpose of the writing. Minimal responses recognized the elements needed to complete the task, but were not managed well enough to ensure that the intended purpose of the writing was achieved. Adequate responses included the features critical to accomplishing the purpose of the writing and were likely to have the intended effect. Elaborated responses went beyond the merely adequate, reflecting a higher level of coherence and elaboration.

The average writing proficiency of Black and Hispanic students remained stable across time at all three grades. The performance gap between these minority students and their White counterparts was reduced slightly at grade 8 and unchanged at the other grades. This indicates that overall, the gap in writing performance between these minority students and their White counterparts remained large. In the results by gender, females at all grades performed noticeably better than males.

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Percentage of students writing at a minimal level or better,[1] by sex and race/ethnicity, by age: 1974, 1979, 1984

Age, writing task, and year	All students	Sex		Race/ethnicity		
		Male	Female	White	Black	Hispanic
Age 9						
Informative writing						
1979	53.4	47.1	59.4	58.4	33.5	29.1
1984	55.7	50.9	60.7	59.7	36.0	51.9
Persuasive writing						
1979	63.7	58.8	68.7	68.0	44.1	45.4
1984	58.2	51.1	65.8	62.6	40.1	50.9
Imaginative writing						
1974	36.7	30.9	42.6	41.3	27.3	22.4
1979	41.4	36.8	46.1	43.6	29.9	36.6
1984	54.6	50.7	58.2	57.3	34.8	46.2
Age 13						
Informative writing						
1979	74.4	68.5	80.6	77.3	60.6	65.3
1984	81.4	78.6	84.2	84.9	64.4	78.8
Persuasive writing						
1979	27.8	27.8	27.9	30.1	18.2	18.6
1984	34.1	33.6	34.6	37.0	26.2	19.9
Imaginative writing						
1974	69.0	63.5	74.1	70.8	57.1	67.0
1979	60.7	55.8	65.9	62.3	53.1	58.3
1984	66.7	61.1	73.1	65.3	75.3	65.7
Age 17[2]						
Informative writing						
1979	87.1	81.6	91.8	89.4	72.8	78.1
1984	89.0	87.4	90.7	91.3	79.5	86.1
Persuasive writing						
1979	60.6	58.7	62.4	62.7	52.5	46.3
1984	63.8	62.3	65.4	67.2	55.7	52.9
Imaginative writing						
1974	76.4	72.1	80.1	77.6	70.3	67.8
1979	71.3	66.0	76.7	72.5	64.7	55.2
1984	75.1	70.6	79.5	76.4	68.4	76.2

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[1] Standards for minimal performance level differ by grade level.

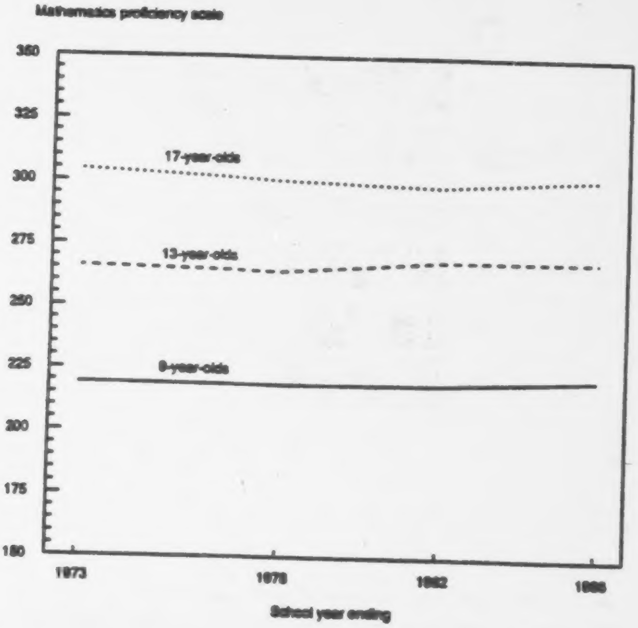
[2] All participants of this group were in school.

DEPARTMENT OF EDUCATION

Mathematics Achievement

In 1986, mathematics proficiency of 17-year-olds was no higher than in 1973, but it was slightly higher than in 1982. Between 1978 and 1986, 9- and 13-year-olds improved their mathematics performance slightly. While mathematics performance has improved, it remains low. Improvements occurred at the lower levels of the mathematics proficiency scale -- even at age 17, 49 percent of students were unable to perform moderately complex procedures.

Trends in average mathematics proficiency



NOTE: Mathematics Proficiency Scale

- Level 150 — Simple arithmetic facts
- Level 200 — Beginning skills and understanding
- Level 250 — Basic operations and beginning problem solving
- Level 300 — Moderately complex procedures and reasoning
- Level 350 — Multistep problem solving and algebra.

SOURCE: National Assessment of Educational Progress, *The Mathematics Report Card: Are We Measuring Up?*, 1988.

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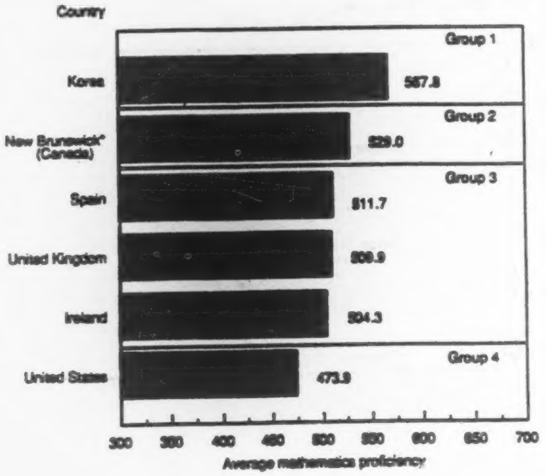
International Comparison of Mathematics Achievement

As the world grows increasingly technological, mathematics skills of a nation's workers may be a crucial element of economic competitiveness. In the first International Assessment of Educational Progress, 13-year-olds from the United States and five other countries were assessed in a standardized fashion in mathematics proficiency. Students from the United States were in the lowest scoring group.

Average mathematics proficiency of 13-year-old students in six countries: 1988



* New Brunswick (English) is the median group of seven groups assessed in four Canadian provinces.

NOTE: Differences in performance among the four groups shown are statistically significant at the 0.05 level; differences within groups are not statistically significant.

Skills characteristic of different levels on the mathematics scale:
Level 300 – Simple addition and subtraction
Level 400 – Basic operations to solve simple problems
Level 500 – Intermediate level skills to solve two-step problems
Level 600 – Measurement and geometry concepts to solve more complex problems
Level 700 – More advanced mathematical concepts.

SOURCE: International Assessment of Educational Progress, *A World of Differences, An International Assessment of Mathematics and Science*, 1989.

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Average Mathematics Proficiency of 13-Year-Old Students in Six Countries, 1988

Country	Average Mathematics Proficiency
Korea	567.8
New Brunswick* (Canada)	529.0
Spain	511.7
United Kingdom	509.9
Ireland	504.3
United States	473.9

*New Brunswick (English) is the median group of seven groups assessed in four Canadian provinces.

NOTE: Differences in performance among the four groups shown are statistically significant at the 0.05 level; differences within groups are not statistically significant.

Skills characteristic of different levels on the mathematics scale:

Level 300=Simple addition and subtraction
Level 400=Basic operations to solve simple problems
Level 500=Intermediate level skills to solve two-step problems
Level 600=Measurement and geometry concepts to solve more complex problems
Level 700=More advanced mathematical concepts

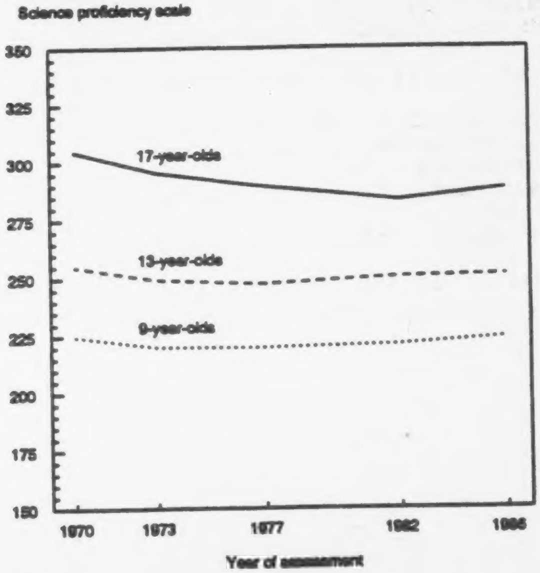
SOURCE: International Assessment of Educational Progress, A World of Differences. An International Assessment of Mathematics and Science. 1989.

DEPARTMENT OF EDUCATION

Science Achievement

Despite some overall chronological improvement, there is no improvement in performance at the highest level by any age group compared to the 1982 NAEP assessment. Average science achievement scores remain low for all three age groups. The ability to apply scientific information, interpret data, and make inferences about outcomes of experimental procedures was exhibited by 28 percent of 9-year-olds, 53 percent of 13-year-olds, and 81 percent of 17-year-olds. However, only 8 percent of 17-year-olds could integrate specialized scientific information, infer relationships, and draw conclusions using knowledge from the physical sciences and applying the principles of genetics.

Trends in average science proficiency of 9-, 13-, and 17-year-olds: Selected years 1970–1986



* While 9- and 13-year-olds were assessed in the spring of 1970, 17-year-olds were assessed in the spring of 1969.

NOTE: Science Proficiency Scale
Level 150 = Knows everyday science facts
Level 200 = Understands simple scientific principles
Level 250 = Applies basic scientific information
Level 300 = Analyzes scientific procedures and data
Level 350 = Integrates specialized scientific information.

SOURCE: National Assessment of Educational Progress, *The Science Report Card, Elements of Risk and Recovery*, 1988.

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National Trends in Average Science Proficiency: Selected Years 1970-1986

Student Age	1970	1973	1977	1982	1986
9	224.9	220.3	219.9	220.9	224.3[1]
13	254.9	249.5	247.4	250.2	251.4
17	304.8	295.8	289.6	283.3	288.5[2]

NOTE: While 9- and 13-year-olds were assessed in the spring of 1970, 17-year-olds were assessed in the spring of 1969.

SOURCE: National Assessment of Educational Progress, The Science Report Card. Elements of Risk and Recovery. 1988.

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[1] Statistically significant difference from 1977 at the 0.05 level.

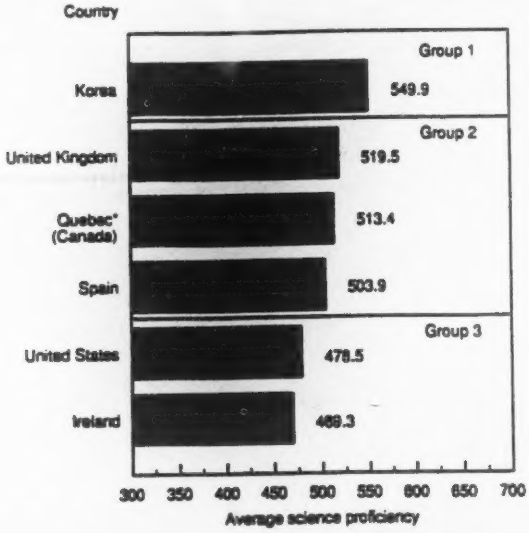
[2] Statistically significant difference from 1982 at the 0.05 level.

DEPARTMENT OF EDUCATION

International Comparison of Science Achievement

The scientific proficiency of U.S. students is well below the mean on the first International Assessment of Educational Progress. The scientific capabilities of U.S. workers may indicate how competitive the nation will be in the global economy. In the first assessment, 13-year-old students from the United States and five other countries were assessed in a standardized fashion in science. Average proficiency levels fell into three groups, which were significantly different from one another. Students in the United States were in the lowest scoring group, well below the mean, along with Irish students and two groups of Canadian students.

Average science proficiency of 13-year-old students in six countries: 1988



* Quebec (French) is the median group of seven groups assessed in four Canadian provinces.

NOTE: Differences in performance among the three groups are statistically significant at the 0.05 level; differences within groups are not statistically significant.

Skills characteristic of different levels of proficiency on the science scales:

Level 300 = Knows everyday science facts
Level 400 = Understands and applies simple scientific principles
Level 500 = Uses scientific procedures and analyzes scientific data
Level 600 = Understands and applies scientific knowledge and principles
Level 700 = Integrates scientific information and experimental evidence.

SOURCE: International Assessment of Educational Progress, *A World of Differences, An International Assessment of Mathematics and Science*, 1989.

DEPARTMENT OF EDUCATION

Average Science Proficiency of 13-Year-Olds in Six Countries: 1988

Country	Average Science Proficiency
Korea	549.9
United Kingdom	519.5
Quebec* (Canada)	513.4
Spain	503.9
Unites States	478.5
Ireland	469.3

*Quebec (French) is the median group of seven groups assessed in four Canadian provinces.

NOTE: Differences in performance among the three groups are statistically significant at the 0.05 level; differences within groups are not statistically significant.

Skills characteristic of different levels of proficiency on the science scales:

Level 300=Knows everyday science facts
Level 400=Understands and applies simple scientific principles
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Level 600=Understands and applies scientific knowledge and principles
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SOURCE: International Assessment of Educational Progress, A World of Differences, An International Assessment of Mathematics and Science, 1989.

DEPARTMENT OF EDUCATION

International Comparison of Geography Achievement

Global economic competitiveness and constructive diplomacy are dependent on an understanding of world demographics, political and physical boundaries, and a host of other geography facts that extend well beyond basic place names. Most students have never had a course devoted solely to geography and one out of seven adult Americans cannot positively identify the United States on a globe. Without adequate knowledge and analysis of geography, our students cannot hope to be cultural or economic equals of their international peers.

Mean Number of Areas[1] Correctly Identified in a Test of Geography Knowledge, by Country and Age: 1988

	Age				
Country	18 to 24	25 to 24	35 to 44	45 to 54	55 and over
Canada	9.3	9.2	10.5	8.3	8.7
France	9.2	9.6	10.1	9.0	8.8
West Germany	11.2	11.2	11.0	11.8	10.9
Italy	9.3	9.3	8.4	7.8	5.5
Japan	9.5	10.8	10.5	9.7	7.9
Mexico	8.2	6.9	7.6	6.4	5.7
Sweden	11.9	12.3	12.5	11.5	10.3
United Kingdom	9.0	8.4	9.2	8.9	7.8
United States	6.9	8.8	9.6	8.8	8.4

SOURCE: The Gallup Organization, Inc., Geography: An International Gallup Survey. 1988.

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[1] Individuals were asked to identify 16 countries or bodies of water on a world map: Canada, Central America, Egypt, France, Italy, Japan, Mexico, Pacific Ocean, Persian Gulf, South Africa, Sweden, United Kingdom, U.S.A., U.S.S.R., West Germany, and Vietnam.

TUESDAY, FEBRUARY 20, 1990.

COMPENSATORY EDUCATION FOR THE DISADVANTAGED

WITNESSES

DANIEL F. BONNER, ACTING ASSISTANT SECRETARY FOR ELEMENTARY AND SECONDARY EDUCATION

MARY JEAN LETENDRE, DIRECTOR, COMPENSATORY EDUCATION PROGRAMS, OFFICE OF ELEMENTARY AND SECONDARY EDUCATION

FRANCIS V. CORRIGAN, DIRECTOR, MIGRANT EDUCATION PROGRAMS, OFFICE OF ELEMENTARY AND SECONDARY EDUCATION

WILLIAM D. TYRRELL, DEPUTY DIRECTOR, DIVISION OF ASSISTANCE TO STATES, OFFICE OF SPECIAL EDUCATION AND REHABILITATIVE SERVICES

SALLY H. CHRISTENSEN, DIRECTOR, BUDGET SERVICE, OFFICE OF PLANNING, BUDGET, AND EVALUATION

THOMAS M. CORWIN, DIRECTOR, DIVISION OF ELEMENTARY, SECONDARY, AND VOCATIONAL ANALYSIS, OFFICE OF PLANNING, BUDGET, AND EVALUATION

INTRODUCTION OF WITNESSES

Mr. NATCHER. At this time we take up the budget request for fiscal year 1991 for Compensatory Education for the Disadvantaged. We have before the committee Mr. Bonner.

Mr. Bonner, before you give us your statement, tell us who you have with you there.

Mr. BONNER. Thank you. On my right, Tom Corwin, Director, Division of Elementary, Secondary, and Vocational Analysis, Office of Planning, Budget, and Evaluation; Sally H. Christensen, Director, Budget Service, Office of Planning, Budget and Evaluation; and William D. Tyrrell, Deputy Director, Division of Assistance to States, Office of Special Education and Rehabilitative Services.

On my left is Mary Jean LeTendre, Director, Compensatory Education Programs, Office of Elementary and Secondary Education; and Francis V. Corrigan, Director, Migrant Education Programs, Office of Elementary and Secondary Education.

Mr. NATCHER. Thank you very much.

We are delighted to have all of you before the committee at this time.

Now, we will be pleased to hear from you.

FY 1991 BUDGET REQUEST

Mr. BONNER. Thank you very much, sir.

Mr. Chairman and members of the committee, I am pleased to appear before this committee to discuss the 1991 budget request for Compensatory Education for the Disadvantaged. The Department places the highest priority on programs that benefit the educationally disadvantaged. It is imperative that we not only continue to provide resources for the education of the disadvantaged, but that we ensure that those resources are used wisely and that schools are held accountable.

Our request responds to that need. Fiscal year 1991 marks the third year of operation for the Chapter 1 program as reauthorized by the Hawkins-Stafford Elementary and Secondary School Improvement Amendments (P.L. 100-297). Our budget request of $5,800,000,000 for Compensatory Education for the Disadvantaged is a $521,000,000 increase over the 1990 appropriation and reflects a continuing commitment to help States and localities meet the special educational needs of disadvantaged children.

Secretary Cavazos puts the highest priority on these programs.

CHAPTER 1 BUDGET PRIORITIES

This account makes up one of the largest budget items within the Department, accounting for almost 24 percent of our total 1991 request. Our 1991 request focuses funds on three priority areas: targeting resources on the most needy; supporting early intervention at the preschool level; and ensuring program improvement and accountability.

As part of our effort to target funds on the needy and to raise the educational performance of the disadvantaged, we are requesting increases for Basic Grants to local educational agencies, Concentration Grants, and the State agency migrant and neglected and delinquent programs.

Our proposal to double funding for the Even Start program reflects our support for early intervention programs. To encourage and support program improvement and accountability, we are requesting a large increase for State Program Improvement Grants that help States provide educational services to school districts implementing program improvement plans.

Increases are also proposed for State Administration to assist states in meeting their added technical assistance and administrative responsibilities resulting from Chapter 1's program improvement requirements, and for evaluation and technical assistance in order to support additional evaluations and to provide an analytical framework for the upcoming reauthorization process.

Rural technical assistance would be funded at the 1990 level. To create incentives for schools to improve, particularly those that serve disadvantaged children, we are requesting a large increase for the Presidential Merit Schools program.

I would like to submit the rest of my statement for the record and my colleagues and I will be pleased to answer any questions.

[The information follows:]

DEPARTMENT OF EDUCATION

Statement by

Daniel F. Bonner
Acting Assistant Secretary for
Elementary and Secondary Education

on

Compensatory Education for the Disadvantaged

Mr. Chairman and Members of the Committee:

I am pleased to appear before this Committee to discuss the 1991 budget request for Compensatory Education for the Disadvantaged. The Department places the highest priority on programs that benefit the educationally disadvantaged. It is imperative that we not only continue to provide resources for the education of the disadvantaged, but that we ensure that those resources are used wisely and that schools are held accountable.

Our request responds to that need. Fiscal year 1991 marks the third year of operation for the Chapter 1 program as reauthorized by the Hawkins-Stafford Elementary and Secondary School Improvement Amendments (P.L. 100-297). Our budget request of $5.8 billion for Compensatory Education for the Disadvantaged is a $521 million increase over the 1990 appropriation and reflects a continuing commitment to help States and localities meet the special educational needs of disadvantaged children. This account makes up one of the largest budget items within the Department, accounting for almost 24 percent of our total 1991 request.

Our 1991 request focuses funds on three priority areas: targeting resources on the most needy; supporting early intervention at the preschool level; and ensuring program improvement and accountability. As part of our effort to target funds on the needy and to raise the educational performance of the disadvantaged, we are requesting increases for Basic Grants to Local Educational Agencies, Concentration Grants, and the State Agency Migrant and Neglected and Delinquent programs. Our proposal to double funding for the Even Start program reflects our support for early intervention programs. To encourage and support program improvement and accountability, we are requesting a large increase for State Program Improvement Grants that help States provide educational services to school districts implementing program improvement plans. Increases are also proposed for State Administration to assist States in meeting their added technical assistance and administrative responsibilities resulting from Chapter 1's program improvement requirements and for Evaluation and Technical Assistance in order to support additional evaluations and to provide an analytical framework for the upcoming reauthorization process. To create incentives for schools to improve, particularly those that serve disadvantaged children, we are requesting a large increase for the Presidential Merit Schools program.

Grants to Local Educational Agencies

Chapter 1 Grants to Local Educational Agencies (LEAs) are the primary vehicle for providing compensatory education services to the disadvantaged. Within the LEA Grant program, we are requesting $4.5 billion for Basic Grants, which is $250.5 million more than the 1990 amount. These funds would be allocated under the basic grant formula that distributes funds to school districts that apply and have at least 10 eligible children. Consistent with the policy of targeting resources on areas with the greatest need, our proposed budget also includes $496 million for Concentration Grants, which is a $115 million increase over the 1990 amount. This allocation of funds between Basic and Concentration Grants follows the policy set forth in P.L. 100-297, the Hawkins-Stafford Amendments.

At the requested level, nearly 14,000 school districts, 90 percent of the districts in the United States, would continue receiving Chapter 1 funds in school year 1991-92. School districts would likely serve between 6.0 and and 6.2 million children with Basic Grant and Concentration Grant funds. However, this range is strictly an estimate because local school districts, not the Federal Government, determine the actual number served in any year. Program data attest to the large variation in the ways States and localities choose to use their Federal funds. In the 1987-88 school year, which is the latest year for which actual participation data are available, the program served 4.9 million children and the average Federal contribution per child ranged from $467 to $1,172, depending on the State.

Capital Expenses for Private School Children

For Capital Expenses for Private School Children, our budget includes $25.7 million, the same as last year's amount. These funds help school districts pay for the additional capital costs, incurred since July 1, 1985, of providing Chapter 1 services to private school students as a result of the *Felton* decision. Because of this Supreme Court decision, school districts have had to divert Chapter 1 funds ordinarily used for instruction to pay for the cost of noninstructional items, such as the purchase or rent of mobile vans and transportation of children to neutral sites.

Even Start

In keeping with the Secretary's belief in the importance of and benefits derived from early intervention, which was reaffirmed by the President and governors at the Charlottesville Education Summit, we propose to increase funding for the Even Start program from $24.2 million to $48 million -- nearly double last year's amount. This program integrates early childhood education and adult education for parents into a unified program to provide educationally disadvantaged adults with the basic literacy skills needed to help their children succeed in school. The requested increase would enable the program to operate an estimated 131 new projects in 1991, and continue funding for about 127 projects begun with 1989 and 1990 funds.

State Agency Programs

For the Chapter 1 Migrant program, we are requesting $293.7 million, an increase of $11.3 million over the 1990 level. Of this amount, about $8.4 million would support migrant coordination activities, including the Migrant Student Record Transfer System, and the remainder would support compensatory education activities provided by the State. In 1987-88, the latest year for which actual participation data are available, 386,000 children received services in the Migrant program.

For the Neglected and Delinquent program, we are requesting $34.1 million, a $1.3 million increase over the 1989 appropriation level. The increased funding for States is consistent with our general policy of focusing resources on programs that serve a needy population. In 1987-87, the latest year for which actual data are available, States provided services to 52,000 students.

Our budget includes $146.4 million in 1991 for the Chapter 1 Handicapped program, the same as the 1990 appropriation. In 1989-90, 266,200 children were counted and served by the program. Our request for level funding for this program, unlike the increases for the other State agency programs, stems from a strong belief that additional funds for educating the handicapped should be provided through the Education of the Handicapped Act State Grant program.

State Administration

To permit States to fulfill the various administrative requirements of Chapter 1, our 1991 budget request includes $54 million for State Administration. This is a $3.8 million increase over the 1990 amount. These funds will help States carry out their administrative and technical assistance responsibilities, which have grown in recent years because of the added accountability and program improvement requirements of the statute.

State Program Improvement Grants

For State Program Improvement Grants, our request provides $24 million, an $11.5 million, or 91 percent, increase over the 1990 level. This increase underscores our commitment to promoting accountability for program results at the State and local level. The proposed increase would enable States to provide additional educational services to school districts implementing school improvement plans. All of these funds must be used by States for direct services to schools.

Evaluation and Technical Assistance

We are requesting $15 million for Evaluation and Technical Assistance, a $3.1 million increase over the 1990 appropriation level. The additional funds are needed to support the third year of the longitudinal study in which data needed to assess the impact of Chapter 1 participation on student and adult outcomes will be gathered. Additional funds will also be used to conduct program studies that would focus on gathering evaluation data useful to the upcoming reauthorization process. Technical assistance activities would continue at their previous year's level.

Rural Technical Assistance Centers

We propose to fund the Rural Technical Assistance Centers at the 1990 level of $4.4 million. The services authorized under this program are designed to help rural districts address the special problems that the evaluation and program accountability requirements of Chapter 1 present for those districts, which tend to have few staff with sufficient expertise in program evaluation.

Presidential Merit Schools

For Presidential Merit Schools we are requesting $225 million, a $100 million increase over the 1990 contingent appropriation. This program, first proposed by the President as part of the Excellence in Education Act of 1989, is central to the Administration's campaign to raise academic achievement by strengthening accountability and providing financial incentives for educational success. Funds for this program would be used by States to reward schools that make substantial progress in raising students' educational achievement, creating a safe and drug-free school environment, and reducing the dropout rate. At the school level, the funds could be used for any purpose that furthers the school's educational program.

HEP and CAMP

Finally, we are requesting $9.6 million for the High School Equivalency program (HEP) and the College Assistance

Migrant program (CAMP) -- the same as the 1990 appropriation. This request would enable the Department to support project continuations for the current cycle of grants for both programs.

My colleagues and I will be happy to respond to any questions you may have.

DEPARTMENT OF EDUCATION

Office of Elementary and Secondary Education

Biographical Sketch

NAME : Daniel F. Bonner

POSITION : Acting Assistant Secretary for Elementary and Secondary Education

BIRTHPLACE AND DATE : Bronx, New York, August 10, 1937

EDUCATION : Fordham University, B.A.
New York University, M.A.

EXPERIENCE

Present : Acting Assistant Secretary for Elementary and Secondary Education, Department of Education
1988 - 1989 : Acting Deputy Assistant Secretary for Elementary and Secondary Education
1988 : Acting Director, State and Local Educational Programs, Office of Elementary and Secondary Education
1983 - 1988 : Associate Director, Domestic Anti-Poverty Operations, ACTION Agency
1983 : Director, Volunteers in Service to America (VISTA), ACTION
1982 : Special Assistant, Office of Volunteer Liaison, ACTION Agency; Director, ACTION/White House Regional Conferences on Voluntarism
1981 : Associate, Ethics and Public Policy Center, Washington, D.C.
1981 : Associate, Law and Economic Center, Emory University, Atlanta, Ga.
1973 - 1980 : Philanthropic Activities Associate, Education and Health Programs, Chase Manhattan Bank, New York, N.Y.
1970 - 1973 : Management Development Programs, Chase Manhattan Bank, New York, N.Y.
1960 - 1969 : Classified Advertising Specialist, New York Times, New York, N.Y.
1959 - 1960 : Bookkeeper, Loans and Discounts, Irving Trust Co., New York, N.Y.
1957 - 1959 : Company Clerk, U.S. Army, France, USAREUR
1955 - 1957 : Bookkeeper, Loans and Discounts, Irving Trust Co., New York, N.Y.

EFFECTIVENESS OF CHAPTER 1

Mr. **Natcher**. Thank you.

What are the latest reports on the overall effectiveness of the Chapter 1 Program in meeting the needs of disadvantaged students? What do they show?

Mr. **Bonner**. On the basis of assessments done in the past and our ongoing information, there is a definite improvement shown between Chapter 1 children who receive the attention and students who do not.

Ms. **LeTendre**. I would like to add that we see students who receive help in mathematics showing greater gains than students who receive help in reading.

Our latest report for the Chapter 1 evaluation shows that in reading there is an average of 2.81 NCE's and in math 6 percentile gains. We see students who are in elementary grades are showing greater gains than students in the secondary schools.

We also see that over the course of time the children who do not continue in the program tend to lose gains. I have noted in my travels and meetings that there is a tremendous variation in progress from school to school in our Chapter 1 Program.

For that reason we are pleased to focus on the accountability requirements in program improvement. Last week I sat with a panel that was selecting successful Chapter 1 programs. While, again, average gains in schools are between 3 and 6, in this program we saw 7 to 10 and even 23 NCE's. With the new focus on the legislation on success in the regular program and achieving not only basic but more advanced skills, I think we are going to see an even greater emphasis on gains in appropriate areas.

I think we will see more schools involved in improvement nationwide.

CHARACTERISTICS OF CHAPTER 1 STUDENTS SERVED

Mr. **Natcher**. Would you review for the committee the size and characteristics of the target population for Chapter 1 services.

Ms. **LeTendre**. Children eligible for Chapter 1 are children who live in areas with high concentrations of poverty who are considered educationally deprived. We define educational deprivation as a level that would be expected for children of their age and these children would not be attaining that level.

Because that definition will vary from local school district to local school district, some may have children up to the 50th percentile participate. When we looked at the schools we found most children entering at the 23rd percentile.

The numbers are not precise in terms of how many children are eligible, but looking at the children who do participate we see that 21 percent are Hispanic, 29 percent are black, those in pre-K, and K represent 8 percent. One through six is 72 percent and about 20 percent are in grades 7 through 12.

Fewer are in the secondary level. About 97 percent are in the public schools. We are currently serving about 4.92 million children. We expect to increase that amount by between 250,000 to 450,000 in 1990 and anywhere from 105,000 to 305,000 in 1991.

PORTION OF CURRENTLY ELIGIBLE CHAPTER 1 CHILDREN SERVED

Mr. NATCHER. What portion of those students who are eligible for Chapter 1 services are expected to be served under the 1991 budget and how has this changed in the last two years?

Mr. BONNER. I believe, Mr. Chairman, that the figure was between 45 percent and 62 percent of eligible children.

Ms. LETENDRE. Let me refer back to the definition of educational deprivation. It is difficult to get the number. I received information from nine large public school districts and they indicated to me that they were serving about 61 percent of the eligible population.

The increase in concentration grants means that those cities are serving more than the other cities in Chapter 1. You asked about the increased numbers indicating that we served about 200,000 more between 1986 and 1987 through 1988 and given that school districts determine how much money they are going to spend on their population, on an average we expect between 1990 and 1991 to serve 225,000 more students.

That is an estimate. It depends on intensity of services and numbers to be served.

Mr. CORWIN. We are clearly making progress in the Chapter 1 LEA grants program. We have been serving increasing numbers since fiscal year 1986. In 1990 we think we will show substantial progress and will continue that in 1991.

We are never too sure of the percentage of the eligible population we are serving because the eligible population is not clearly defined in the statute, but it looks like we are doing better.

AVERAGE PER-PUPIL COST OF CHAPTER 1

Mr. NATCHER. What is the average per student cost nationwide of the Chapter 1 Program and also tell us typically what type of services are being provided.

Mr. BONNER. The average is about 700-odd dollars. It ranges from about $406 to $1,100 or so dollars from one state to the others.

CHAPTER 1 SERVICES

Mr. NATCHER. What type service is provided, generally speaking?

Ms. LETENDRE. About 74 percent of the participants will receive reading and 43 percent will receive mathematics services, usually in small group settings of under eight with a teacher who is highly skilled, usually for 30 to 35 minutes class time spent with that Chapter 1 teacher.

By and large, although there is a trend away from it, that the majority of the instruction is provided in a pull-out setting such as a lab room fully equipped. Ninety percent are served in a pull-out setting or in combination with some pull-out setting.

CAPACITY OF CHAPTER 1 PROGRAM TO ABSORB INCREASED FUNDING

Mr. NATCHER. The 1990 Chapter 1 increase was $789,000,000 or about 17 as approved by Congress. If Congress wishes to expand the program in 1991, could the Chapter 1 system continue to grow at this rate without creating management problems?

Mr. BONNER. Sir, the program has absorbed to date the increases with some difficulty. We feel that the matter is a subject of close examination and scrutiny because we do feel that services within the program as required must be provided and, to underscore it, we need to take a hard look at current staffing and what it would take to meet the needs of the statute.

Ms. LETENDRE. It is true at the federal and state level that the monitoring and regulatory matters are not as sensitive to the size of allocation as you would find at the local level. With a sizeable increase of 17 percent, and with the statutory provision which will be in effect with the 1990 appropriation allowing only a 15 percent carryover, it may cause districts to have slightly more difficulty in management of those resources than they have had in the past.

CHAPTER 1 SECONDARY SCHOOLS BASIC SKILLS AND DROPOUT PREVENTION PROGRAM

Mr. NATCHER. This committee has been lobbied from time to time to fund the new secondary school grants under Chapter 1. This activity is authorized to receive up to $450,000,000 in 1991. The committee has taken the position that the distribution of Chapter 1 money should be left at the local level.

How do you feel about this?

Mr. BONNER. We agree that the decisions should be left at the local level to the extent practicable.

PORTION OF CHAPTER 1 FUNDS SERVING SECONDARY SCHOOL STUDENTS

Mr. NATCHER. What portion of Chapter 1 funds are being used for secondary school children and how will this change with the large increase in 1990?

Ms. LETENDRE. Approximately 20 percent of the participants are at the secondary level. We are not exactly sure what that translates to in terms of actual dollars being spent at that level. Districts must conduct an annual needs assessment and determine the priorities.

I have been concerned that many districts have continued to fund many of the same programs that they have funded in the past without carefully reviewing the data and making those decisions. However, that still remains a local decision.

It is possible that, particularly with the concern for a literate America, an America that is competitive, and the issues raised by the Governors and the President at the Education Summit, that there will be a closer look at providing assistance at the secondary level more than there has been in the past.

Mr. NATCHER. Will that percentage increase in 1990?

Ms. LETENDRE. Again, we have no way of knowing. One could assume that if decisions are made at the local level as they are—in the past we have found the level of participants to remain relatively stable with regard to the funding split between 1 and 6 and then 7 through 12.

I can only speculate with the heightened interest on the issue of dropouts, functionally illiterate Americans, that there may be an increased emphasis at that level.

Mr. NATCHER. Mr. Conte?

ASSISTANT SECRETARY OF ELEMENTARY AND SECONDARY EDUCATION

Mr. **Conte**. Mr. Chairman, thank you very much.

Mr. Bonner, this part of the education budget reminds me of the "Peanuts" cartoon where Lucy asks her buddies to describe what shapes they see in the clouds. Schroeder looks up and sees the head of Chopin; Linus sees the four the four horsemen of the Apocalypse. Charlie Brown pauses then says "I was going to say I saw a horsy and a ducky, but forget it."

Mr. Bonner, when I look in the clouds and think about Chapter 1, I see roses!

Mr. Bonner, have you ever been in the theater?

Mr. **Bonner**. No.

Mr. **Conte**. I am surprised, because you have done a fair amount of acting: acting director, acting deputy assistant, now acting assistant secretary. I think that must qualify you for an Oscar.

Mr. **Bonner**. Thank you very much.

Mr. **Conte**. What is the status of the top position in that office now?

Mr. **Bonner**. We are all delighted to say that within days the Assistant Secretary designate will be the Assistant Secretary. He is here and I would like to introduce Jack McDonald to you.

Mr. **Conte**. Good to have you with us. Congratulations.

RELATIONSHIP BETWEEN HEAD START AND CHAPTER 1

With the leadership of the President and the Governors, the primary emphasis has been on helping children in their early years. Head Start is up $500 million and depending on how you calculate it, Chapter 1, is up $366,000,000. What is the relationship between Head Start and Chapter 1? How do you assure that the benefits of those who receive Head Start are carried forward into the elementary school where they may or may not be served by Chapter 1?

Mr. **Bonner**. I think we can answer by pointing to a new program in Chapter 1, Even Start, for which we are requesting $48,000,000. The Even Start Program is a new venture, but it is validly rooted in social science practice and theory. It indicates that parents who are low income and who do not communicate well with their children must do that if their children are to thrive in school.

We feel that the tandem of a Chapter 1 Program, the entire program plus the Head Start, makes a welcome assist to the improvements for Head Start children.

Ms. **LeTendre**. Most of the youngsters in the Even Start Programs are between the ages of 3 and 5. It is quite possible that the increased funding for that program may make it such that the children will not need the help in the Chapter 1 Program though our regulations say that an Even Start programming is to be in the Chapter 1 attendance areas.

We think it might obviate the need for remediation if they are served in the Even Start Program.

COMPREHENSIVE APPROACHES TO SERVING DISADVANTAGED CHILDREN

Mr. **Conte**. Are there any opportunities to try to integrate comprehensive approaches including Chapter 1? One of my good friends in the business of advocating for children, sent me an article about the Beethoven Program in Chicago.

Can that kind of creativity be used in conjunction with Chapter 1 programs?

Mr. BONNER. Without knowing more about the Beethoven Program, I could not say. I would say, however, that say we should seek out every opportunity to make sure the programs are complementary and helpful to one another.

Mr. CORWIN. I think there is ample opportunity in Chapter 1 to run pre-K activities and they can be coordinated with other programs. As a result of the Education Summit with the Governors, the Administration is interested in exploring other opportunities for permitting comprehensive approaches to address educationally disadvantaged children, adult literacy or what have you.

The White House, and the Department, and the Governors are looking at what they call the Ed Flex approach where we would remove statutory problems in the way of comprehensive approaches. We could at least experiment with ways to get around these impediments.

EVEN START

Ms. LETENDRE. In observing what is happening in the child centered portion of the Even Start Programs, it shows a lot of collaborations with school nurses, the United Way, job training, private industries and literacy councils.

Mr. CONTE. What have you done in Even Start so far?

Ms. LETENDRE. We just funded the programs in October. So they are just getting started. But we are having a meeting February 28 and March 1 and 2 where we are bringing in representatives of 73 projects we have funded to discuss with them their responsibilities for doing an evaluation of their program.

We have also funded a contract to do a national assessment looking at the services to the children, the adult/parent training, how well services are being integrated. That report is due in 1993. But we will have interim reports each year.

We don't have effectiveness data as yet. In studying profiles of the projects, we are getting a good sense of the program. We are seeing that the program draws on existing resources in the community and that, for instance, in Lowell, Massachusetts, while that is not your district, we know that there is collaboration with the university there in order to have work/study students and interns provided to support both the child and parent part of the program.

SCHOOLWIDE PROJECTS

Mr. CONTE. I am interested in that program, because we are thinking of something like that for Holyoke. In fact I spoke with the Secretary about it this morning.

The 1988 Hawkins-Stafford amendments encouraged the use of Chapter 1 funds under school-wide plans. Do you favor the use of Chapter 1 funds in that particular manner?

Mr. BONNER. Sure.

Mr. CONTE. Give me some advantages of school-wide plans.

Ms. LETENDRE. In order for that school to qualify the school has to have a poverty rate of 75 percent or more. Any time a school is that impacted with poverty we know there is a close correlation between the poverty level and the educational deprivation of the children attending.

In many cases it would be wisest for the school to look at its entire program rather than pull numerous children out and try to provide supplemental programs. It allows the school to assess its overall program and if it keeps lowering the class size, it is good. We think that there can be a plan with goals for the entire school and looking at generally increased in-service training for staff.

The good part of the program is that it does focus on effective schools within a total school setting. Studies have shown that when the Chapter 1 Program is successful more often than not, it is operating in a school that is also successful.

NUMBER OF SCHOOLWIDE PROJECTS NATIONALLY

Mr. CONTE. Since the Hawkins-Stafford amendments went into affect how many more local education agencies are now operating Chapter 1 school-wide plans than before?

Ms. LETENDRE. We know there were relatively few before. We just completed a survey including 14 on-site visits to states. We learned that of the possible 7,000 schoolwide projects nationwide, there are at least 745 in 45 states. Twelve states do not have any at all. Basically the reason is that they do not have LEA's that have schools that have that high degree of poverty.

Five states have a large number of them, including Tennessee, California, Texas, Florida and Pennsylvania. We are seeing that states are working with districts to try to make them effective. It is a new way of thinking for a Chapter 1 Program.

It does require some additional resources because when you are putting money into a school-wide project most schools within the district don't serve the whole span of grades. In a school-wide project if you were serving K through 3 in terms of educational deprivation, you would have to put in dollars not only for the K through 3 educationally deprived children, but for all the children in the school.

So it does take increased resources. I believe with the increased appropriations for 1990 we are going to see additional increases in school-wide projects. It has been one of the new provisions in the statute that I think has been implemented more than a lot of the others.

CHAPTER I ACCOMPLISHMENTS RESULTING FROM INCREASED BUDGET

Mr. CONTE. In the fiscal year 1990 budget, this committee, particularly Chairman Natcher, increased the funding of Chapter 1 by nearly $800,000,000. If he could, I think he would have made it $1,000,000,000.

What will be accomplished by this infusion of funds into this program?

Ms. LETENDRE. We know we will serve additional students. We expect over 200,000 additional students will be served. Hopefully they will be served better with the new accountability provisions in the statute.

Perhaps some will take advantage of the flexibility to use 5 percent of their district dollars to do innovative kinds of programs.

We have not seen that very widely used yet. Where it has been used it has been used for increasing parental involvement and following some of those children who otherwise would not be eligible, but have previously participated in the program.

EFFECT OF SEQUESTER

Mr. **Conte**. I fought very hard to try to stop sequestration last year and lost. We were sequestered for four months. Under Chapter 1 you lost $66,000,000 as a result of sequestering. The Secretary said this morning that the effects of sequestering had not been felt on these programs because they were forward funded.

That means the effects will be felt next September. What does the loss of $66,000,000 mean? How many children will not be served as a result of this $66,000,000 cut?

Ms. **LeTendre**. It is difficult again to tell you. We could do some estimating for the record.

Mr. **Corwin**. There is a wide range. We think it will be around $800 a child. That is 78 to 81,000 students. We still had a 17 percent increase. We were expecting a large increase in the number of students served. When the Congress puts more money into the program generally there is an increase in the number of students served.

In the two times when the funding went down there was a slight decrease in the number served. So clearly when you put money in we serve more.

Mr. **Conte**. Do you agree that sequestration does not work too well?

Mr. **Corwin**. Well, I will agree.

Mr. **Natcher**. Mr. Stokes, I yield to you.

AMOUNT AVAILABLE FOR CHAPTER 1 IN 1990

Mr. **Stokes**. What amount will the Department spend in fiscal year 1990 for Chapter 1? Let me give you the reason for wanting to know that figure.

Information provided by the Department gives us a figure of $4,500,000,000. You say your fiscal 1991 request amounts to an increase of 8 percent.

However, the Committee's chart showed that the fiscal year 1990 will be $4,700,000,000. So if that is true, the request would only represent a 4 percent increase, which is not enough for inflation.

It appears that your estimate of 1990 assumes that Magnet Schools of Excellence and Merit Schools will be authorized. Is that correct?

Ms. **Christensen**. Yes, Mr. Stokes that is correct. When we put the budget together, we were extremely hopeful we would have that legislation in place by March 1. Of course it is becoming increasingly evident that that will probably not happen. So that money will go back into Chapter 1.

In other words, when we go out with our allocations to the LEA's in March, that full amount will be reflected, assuming that there is no authorization language by that time.

Mr. STOKES. Based on what we have discussed, your actual increase will be 4 percent.

Ms. CHRISTENSEN. Yes, exactly.

EVEN START

Mr. STOKES. You are proposing that the Even Start Program be nearly doubled. Can you tell us how many families you are currently reaching and how many more could be reached with the proposed increase?

Ms. LETENDRE. We actually do not have numbers on how many families we are reaching in that we are just beginning and many of the new projects had to recruit participants. In our recruiting I have some examples for you in terms of numbers. We know in San Antonio there are 244 eligible families; Upper Marlboro, 2,200 eligible families. The numbers vary.

Part of our evaluation will be to gather correct data on that. It is difficult since they are just beginning and these families have not previously participated and have to be recruited. It is difficult to give numbers.

COORDINATION OF EVEN START WITH OTHER PROGRAMS

Mr. STOKES. This program incorporates early childhood and adult education programs. Is it coordinated with adult literacy programs and Head Start?

Mr. BONNER. It is a new program, it must be supplementary. We are conscious of the importance of coordination and constructing effective links to those other programs.

Ms. LETENDRE. We have met with people representing the Head Start program both here in Washington and those in the western part of the country. We have also met with the Adult Basic education staff in the Department.

We coordinate by sending applications and information about the Even Start program to all adult education State coordinators, as well as to literacy councils across the country.

NEGLECTED AND DELINQUENT PROGRAM

Mr. STOKES. I note an increase of $1,300,000, about 4 percent, is requested for the program for neglected and delinquent children. This is a modest increase for inflation. Can you tell us about the population you serve in this program and whether or not it is increasing?

Mr. BONNER. There are two basic types of categories that we are concerned with, as the title of the account indicates, neglected children who are largely taken care of at the State level, and delinquent children.

They are provided with a battery of enrichment programs to bring them to a level at which they can function when they are no longer either incarcerated or held in the institutions for the neglected.

Ms. LeTendre. I would like to add that our 1987-1988 data showed we served 52,000 of those students. Sixty-eight percent were in juvenile facilities, and 32 percent in adult correctional facilities. Most of them are older teenagers, with 58 percent being 17 to 18 years old. Thirty-seven percent were between 14 and 16. Only 5 percent were under the age of 13 years old.

We have a contractor who presented some preliminary data to us. We will be sharing that before October of this year, and we will then have a more complete profile of what a typical student would look like.

A typical student stays in the institution six to 12 months, so the opportunity to assist them is limited in terms of the institutions.

EVALUATION OF THE NEGLECTED AND DELINQUENT PROGRAM

Mr. Stokes. Have we had an evaluation of that program?

Ms. LeTendre. In 1977, there was one and there is one currently being conducted by a company known as Westat. They are in the process of identifying effective practices, as well as effective outcome data. We have identified a profile of an effective program that they consider exemplary. It emphasizes basic skills, occupational skills and life skills.

It has personal profiles, diagnostic type of assessment batteries, highly skilled, certified teachers. Peer tutoring seems to be successful, not only does it help the inmates, but it gives the one tutoring higher self-esteem and has been shown to improve relationships with the other peers in the institutional setting.

Most of all, the instructional materials in the programs are those that relate to real-life situations.

Mr. Stokes. I think that Westat report also reflects that the reasons for not serving more students in facilities for neglected and delinquent youth includes lack of funds and insufficient classroom space.

Ms. LeTendre. That is true. However, for juveniles in adult correctional facilities, it was more often inappropriate behavior and refusal of the services. We have 32 percent of the students served are in adult correctional facilities. It is something we will have to look at in terms of the approaches that will work in relation to people in institutions.

PRESIDENTIAL MERIT SCHOOLS

Mr. Stokes. Why is the Department requesting funding for Presidential Merit Schools under the compensatory education programs? I would like to know the relationship of compensatory education to the Merit Schools program.

Mr. Bonner. Merit Schools are those that are achieving in various ways measures of success, that have not arrived but which, under difficult circumstances, are making inroads into the matter of dropouts, scholastic deficiencies and the like, creating a safe environment in the school, et cetera.

That, it seems to us, is directly in line with the activities.

Mr. Corwin. An additional factor would be that a good portion of the Merit Schools' funding would go out through the Chapter 1 formula. In addition, we see the Merit Schools program as targeting funds to a lot of the same schools that receive Chapter 1 funding and giving an award and incentive to those Chapter 1 schools that are raising standards among disadvantaged students.

Mr. STOKES. How would the Department ensure that this funding does not go to schools that now have the resources to meet these goals? In other words, how would we get funds to schools that really need the help to achieve the goals?

Mr. BONNER. We would put the program on a footing such as the States will be given guidelines by which they must operate the program. We would, of course, want and require the programs to basically be in line with the same student populations that are served by Chapter 1.

Mr. STOKES. You agree this is something you ought to be concerned about?

Mr. BONNER. We appreciate that.

Mr. STOKES. Thank you.

Mr. NATCHER. Mr. Early?

EFFECT OF SEQUESTER

Mr. EARLY. We have had questions with regard to the sequestration, but could you provide for the record State-by-State listings of the effects of sequestration on basic and concentration grants?

Mr. BONNER. Yes, sir.

[The information follows:]

Comparison of Estimated 1990 Chapter 1 Basic Grant Allocation
Based on Conference Action and the Sequester

	Basic Grant Allocation Based on Conference Action	Basic Grant Allocation Based on Sequester	Loss Resulting from Sequester
United States	$4,427,250,000	$4,373,146,000	($54,104,000)
Alabama	$93,786,480	$92,640,346	($1,146,134)
Alaska	$7,558,581	$7,466,210	($92,371)
Arizona	$48,210,495	$47,621,330	($589,165)
Arkansas	$52,347,030	$51,707,314	($639,716)
California	$416,931,233	$411,836,049	($5,095,184)
Colorado	$41,025,020	$40,523,666	($501,354)
Connecticut	$47,953,589	$47,367,563	($586,026)
Deleward	$12,643,092	$12,488,585	($154,507)
District of Columbia	$19,878,557	$19,635,628	($242,929)
Florida	$186,463,412	$184,184,703	($2,278,709)
Georgia	$119,719,730	$118,256,674	($1,463,056)
Hawaii	$12,929,267	$12,771,263	($158,004)
Idaho	$13,309,447	$13,146,797	($162,650)
Illinois	$207,762,530	$205,223,531	($2,538,999)
Indiana	$70,441,858	$69,581,010	($860,848)
Iowa	$38,832,838	$38,358,275	($474,563)
Kansas	$28,596,379	$28,246,912	($349,467)
Kentucky	$78,673,528	$77,712,084	($961,444)
Louisana	$104,817,569	$103,536,628	($1,280,941)
Maine	$22,004,247	$21,735,340	($268,907)
Maryland	$74,874,939	$73,959,916	($915,023)
Massachusetts	$103,404,707	$102,141,031	($1,263,676)
Michigan	$173,833,696	$171,709,331	($2,124,365)
Minnesota	$53,286,090	$52,634,898	($651,192)
Mississippi	$84,715,153	$83,679,877	($1,035,276)
Missouri	$74,733,347	$73,820,055	($913,292)
Montana	$12,843,427	$12,686,472	($156,955)
Nebraska	$21,506,163	$21,243,344	($262,819)
Nevada	$7,833,892	$7,738,157	($95,735)
New Hampshire	$11,356,287	$11,217,505	($138,782)
New Jersey	$146,189,183	$144,402,652	($1,786,531)
New Mexico	$33,474,576	$33,065,494	($409,082)
New York	$473,556,253	$467,769,072	($5,787,181)
North Carolina	$104,541,079	$103,263,516	($1,277,563)
North Dakota	$9,358,668	$9,244,299	($114,369)
Ohio	$158,319,801	$156,385,025	($1,934,776)
Oklahoma	$43,679,913	$43,146,115	($533,798)
Oregon	$38,139,521	$37,673,430	($466,091)
Pennsylvania	$220,557,510	$217,862,146	($2,695,364)
Rhode Island	$16,959,265	$16,752,011	($207,254)
South Carolina	$68,220,215	$67,386,518	($833,697)
South Dakota	$13,542,428	$13,376,932	($165,497)
Tennessee	$92,177,127	$91,050,660	($1,126,467)
Texas	$282,805,784	$279,349,704	($3,456,080)

Comparison of Estimated 1990 Chapter 1 Basic Grant Allocation Based on Conference Action and the Sequester

	Basic Grant Allocation Based on Conference Action	Basic Grant Allocation Based on Sequester	Loss Resulting from Sequester
Utah	$15,941,489	$15,746,673	($194,816)
Vermont	$10,369,804	$10,243,078	($126,726)
Virginia	$91,324,334	$90,208,289	($1,116,045)
Washington	$51,324,852	$50,697,628	($627,224)
West Virginia	$39,907,819	$39,420,118	($487,701)
Wisconsin	$66,248,466	$65,438,865	($809,601)
Wyoming	$5,490,515	$5,423,418	($67,097)
Puerto Rico	$159,014,656	$157,071,388	($1,943,268)
American Samoa	$2,196,108	$2,169,270	($26,838)
Guam	$5,842,565	$5,771,165	($71,400)
Northern Marianas	$928,137	$916,795	($11,342)
Trust Territory (Palau)	$728,277	$719,377	($8,900)
Virgin Islands	$4,531,215	$4,475,840	($55,375)
BIA	$29,607,856	$29,246,028	($361,828)

Comparison of Estimated 1990 Chapter 1 Concentration Grant Allocation Based on Conference Action and the Sequester

	Concentration Grant Allocation Based on Conference Action	Concentration Grant Allocation Based on Sequester	Loss Resulting from Sequester
United States	$400,000,000	$395,112,000	($4,888,000)
Alabama	$11,571,262	$11,428,078	($143,184)
Alaska	$470,014	$464,271	($5,743)
Arizona	$5,451,620	$5,384,161	($67,459)
Arkansas	$6,118,769	$6,043,054	($75,715)
California	$46,803,932	$46,224,772	($579,160)
Colorado	$2,680,776	$2,647,604	($33,172)
Connecticut	$3,208,322	$3,168,621	($39,701)
Deleward	$1,033,159	$1,020,374	($12,785)
District of Columbia	$2,521,440	$2,490,239	($31,201)
Florida	$20,652,438	$20,396,882	($255,556)
Georgia	$12,655,361	$12,498,761	($156,600)
Hawaii	$648,375	$648,375	$0
Idaho	$648,375	$648,375	$0
Illinois	$18,640,016	$18,409,361	($230,655)
Indiana	$2,304,339	$2,275,825	($28,514)
Iowa	$1,308,891	$1,292,694	($16,197)
Kansas	$1,195,903	$1,181,105	($14,798)
Kentucky	$8,744,825	$8,636,615	($108,210)
Louisana	$11,664,007	$11,519,675	($144,332)
Maine	$1,395,335	$1,378,069	($17,266)
Maryland	$5,418,989	$5,351,934	($67,055)
Massachusetts	$8,531,810	$8,426,237	($105,573)
Michigan	$13,680,186	$13,510,905	($169,281)
Minnesota	$2,884,824	$2,849,127	($35,697)
Mississippi	$10,159,509	$10,033,794	($125,715)
Missouri	$6,275,594	$6,197,939	($77,655)
Montana	$585,488	$585,488	$0
Nebraska	$1,203,792	$1,188,896	($14,896)
Nevada	$398,737	$393,865	($4,872)
New Hampshire	$340,000	$340,000	$0
New Jersey	$12,923,774	$12,763,854	($159,920)
New Mexico	$4,180,009	$4,128,285	($51,724)
New York	$46,932,388	$46,351,639	($580,749)
North Carolina	$9,095,052	$8,982,508	($112,544)
North Dakota	$603,282	$603,282	$0
Ohio	$9,914,371	$9,791,689	($122,682)
Oklahoma	$3,619,401	$3,574,614	($44,787)
Oregon	$648,375	$648,375	$0
Pennsylvania	$13,863,619	$13,692,068	($171,551)
Rhode Island	$1,499,779	$1,481,220	($18,559)
South Carolina	$7,114,342	$7,026,308	($88,034)
South Dakota	$1,211,196	$1,196,209	($14,987)
Tennessee	$10,726,356	$10,593,627	($132,729)

Comparison of Estimated 1990 Chapter 1 Concentration Grant Allocation Based on Conference Action and the Sequester

	Concentration Grant Allocation Based on Conference Action	Concentration Grant Allocation Based on Sequester	Loss Resulting from Sequester
Texas	$29,556,840	$29,191,099	($365,741)
Utah	$648,375	$648,375	$0
Vermont	$510,000	$510,000	$0
Virginia	$7,741,858	$7,646,059	($95,799)
Washington	$2,680,415	$2,647,247	($33,168)
West Virginia	$3,861,452	$3,813,670	($47,782)
Wisconsin	$3,208,919	$3,169,211	($39,708)
Wyoming	$340,000	$340,000	$0
Puerto Rico	$19,924,109	$19,677,565	($246,544)
American Samoa	$0	$0	$0
Guam	$0	$0	$0
Northern Marianas	$0	$0	$0
Trust Territory (Palau)	$0	$0	$0
Virgin Islands	$0	$0	$0
BIA	$0	$0	$0

NEGLECTED AND DELINQUENT STUDY

Mr. **Early**. What is the status of the current study on neglected and delinquent programs?

Mr. **Bonner**. That is the Westat study.

Ms. **LeTendre**. It will be completed by October 1990. There are some draft reports and some preliminary data that have been released. The final will be out in October.

I think I shared some of the information that will be helpful to us. We will be looking at effective practices and programs, but there has not, to date, been an in-depth look at what makes an effective program, or what are some good measures and ways to assess progress, given the stay of only six to 12 months in neglected or delinquent institutions.

Mr. **Early**. We are not going to find out much that we don't know already about them, are we?

Mr. **Corwin**. We know it is a difficult population to serve. If a child is growing up in a orphanage, you can probably provide services, but when it is someone in an institution for six months or less, sometimes a month, there is not a whole lot that you can do. We want to find out where the institutions are succeeding so we can get the word out.

Mr. **Early**. An institution that has good management, will produce the best results. It is not something we don't already know.

Mr. **Bonner**. You make an excellent point, Mr. Early. I think it needs to be said that the compensatory nature of the services provided may be different from what the people in the institutions may employ on a day-to-day basis.

SCHOOL IMPROVEMENT

Mr. **Early**. The Administration is also requesting an increase for State program improvement grants, almost double the 1990 appropriation of $12,544,000. Since the funds for this program did not become available until July 1, 1989, we have had no data to estimate what our success has been. But you are doubling the amount of money.

You did not have to study it. You just did what you had to do in that program.

Mr. **Bonner**. I think we take seriously your logic.

Ms. **LeTendre**. We follow your logic, but we know there are a number of schools that are in need of improvement. We want to find out with the use of this money how these direct services to these schools can be improved. The whole issue of accountability and holding individual schools accountable for results is new, we know. It will make a big difference in the success of the program.

For the first time, they have to look at advanced skills. There are over 1,900 districts that have schools involved in improvement. Over 4,800 schools are involved in school improvement. Each must develop a program improvement plan. This is just a little money to provide added impetus.

USEFULNESS OF PROGRAM EVALUATIONS

Mr. **Early**. You did not get any data back and you doubled the program's funding. I think that is the right direction. I think there are very few programs in education which need further study.

Mr. **Corwin**. We are in a situation in the Department where the Hawkins-Stafford amendments made significant changes to the statute concerning for example, School-Wide Projects, and for Program Improvement, as Mr. Conte discussed. If we don't put any money at all into studies and evaluation, we would not have anything to tell the Congress when the program comes up again for reauthorization.

Mr. **Early**. You don't need a lot of stats, just your judgment. You are smart and educated.

Ms. **Christensen**. Mr. Early, you made a good point earlier that the types of services vary greatly from State to State, and their effectiveness in reaching the target population varies. To the extent that we can identify the most promising and effective practices and get them to other States and local schools; that is another, I think, an overriding reason for increasing funding for evaluation.

CAPITAL EXPENSES FOR PRIVATE SCHOOL CHILDREN

Mr. **Early**. On the private school initiative, I notice you level-funded that, and I know about the Supreme Court decision. If we are looking just to address the problem of the needy and disadvantaged, we need to get some money to the private schools.

Dr. Bonner, would you have preferred to increase that?

Mr. **Bonner**. It is a matter of addressing the overall needs for the entire education budget, all individual accounts, including that one. We recognize that there is a severe need there, because the effects of the earlier Supreme Court decision are still with us. That is why the capital expenses program is included in the budget.

Mr. **Early**. I think it would have been better off if we increased funding for this program, if we were just trying to do what was best educationally. Elementary and secondary schools are having more trouble than higher education. I am not as concerned about Harvard, Holy Cross and UDC as I am about the elementary and secondary schools.

Ms. **LeTendre**. The report indicated there was a need for future expenses of $104,000,000. With the funding of $19.7 million that was appropriated in 1989, and the $25,000,000 in 1990, we already have $44,000,000 so we are incrementally addressing that issue.

Mr. **Early**. I think that is money better spent, and we don't have to study anything. I know the private schools in my State, not only the Catholic ones, but all of them, are having trouble. I would prefer to see that accomplished.

Mr. **Natcher**. Mr. Hoyer?

PROPOSED INCREASE FOR CHAPTER 1

Mr. **Hoyer**. In looking at compensatory education, Mr. Stokes asked about including the Merit Schools, for which $225,000,000 is requested. If we do not include that, am I correct that the increase in Chapter 1 is approximately 4.4 percent?

Ms. **Christensen**. Right, it would be a 4-percent increase.

Mr. **Hoyer**. If it is a 4-percent increase, am I correct that you are using as your cost-of-living adjustment or CPI 4.1 percent?

Ms. **Christensen**. It is about 4.1.

Mr. **Hoyer**. Now, let me ask you this. I understand what you are saying about the relationship to Merit Schools and that is all well and good, but how can we serve more students when we are giving essentially only a cost-of-living increase other than Merit Schools?

Mr. **Corwin**. Our response, which indicated that we should be serving more students was predicated on the assumption that we should receive an 8-percent increase. With 4 percent, I wouldn't predict that would happen.

MERIT SCHOOLS BUDGET REQUEST

Mr. **Hoyer**. If the Merit Schools is not approved, would you favor putting the $225,000,000 into Chapter 1 grants?

Ms. **Christensen**. It would automatically go into chapter 1 in 1990.

Mr. **Hoyer**. In 1991.

Mr. **Bonner**. It needs to be said.

Mr. **Hoyer**. I am for doing it in 1990 and 1991. How about $225,000,000 in each year?

Mr. **Corwin**. Unless we get that authorization within the next week, we would certainly have no problem in putting Merit Schools funds back into Chapter 1 in 1990. For 1991, we would stand by our budget.

Ms. **Christensen**. The legislation is moving forward. We have a Senate-passed bill, and we believe the House will be marking up in committee in the near future. So, we are optimistic that we will have something for 1991.

Mr. **Hoyer**. You seem to be making a direct analogy between your Chapter 1 and Merit Schools grants. If you are doing that, what is the difference?

Mr. **Bonner**. I don't grasp the question, sir.

Mr. **Hoyer**. The President says we are going to increase the number of Chapter 1 students served. As I understand your budget, that premise is based upon the extra $225,000,000. If the increase is only 4 percent for chapter 1 and 4 percent for the Merit Schools, you cannot do it. That is what Mr. Corwin just told me. That seems to make sense. With inflation, you cannot expand service, you can simply pay for services already being provided.

That is the theory about the base line, correct? Now, my question to you is, if the $225,000,000 is different from the Chapter 1 grant, which clearly it is, how can you then add it on to justify the suggestion that we are going to increase services to students? The $225,000,000, as I understand it, is to reward those schools that are doing well, correct?

Mr. **Corwin**. Those that are making progress.

Ms. **Christensen**. We are not saying that the programs are basically the same kind of programs. What we are looking at is the appropriations language that was put in last year that had a provision that this money could be transferred—

Mr. **Hoyer**. To the Merit Schools?

Ms. **Christensen**. To the Merit Schools and to Magnet Schools, if the legislation were enacted in time.

BUDGET BASE FOR 1990

Mr. **Hoyer**. That is not going to be, so we will have that $225,000,000 in. That is included, I take it, in the $5,358,000,000 now? That was the post-sequestered fiscal year 1990 appropriations, so that $225,000,000 is in there.

Mr. **Corwin**. $5,358,000,000 was the pre-sequestered amount.

Mr. **Hoyer**. I think this is your document, sir. No, this is the——

Mr. **Corwin**. It is $5,183,000,000.

Ms. **Christensen**. But that excludes merit and magnet schools.

Mr. **Hoyer**. So, if you add merit and magnet schools back in, it is $5,358,000,000 which you like to do because you like to get your figures way up.

Ms. **Christensen**. This one, we were trying to get down, so we could show an 8-percent increase.

Mr. **Hoyer**. Ms. Christensen, such candor might get you in trouble. Seriously, that is a problem. We are not increasing 8 percent. I understand exactly what Sally is saying.

Ms. **Christensen**. When we put the budget together, we were very optimistic at that point that we would have the Merit Schools and Magnet Schools legislation in place.

BUDGET REQUEST FOR 1991

Mr. **Hoyer**. I think all of you and all of us on this committee want to serve the broadest range of children possible. You heard my questioning of Secretary Cavazos. I think we have a crisis in this country.

Inside the Beltway we have some very heavily impacted areas. We are not serving students.

Let me ask you some specific questions, if I can. I don't think this budget responds to our problem, because I think we need a crisis budget rather than a 4.1-percent budget. And possibly if you have another program, if you put that in there, Sally, it won't be 8 percent. Assuming you are going to spend $5,385,000,000 this year on Chapter 1, and $5,838,000,000 if you include the College Assistance Migrand Program, and High School Equivalency program?

Mr. **Corwin**. That is right, if you include Merit Schools in that total.

Mr. **Hoyer**. And the Merit Schools. Of course, I know you stand by your budget, but if we don't do that, we will roll it back in. I would really like a detailed answer as to why you think there will be a good analogy between the Merit Schools dollars and the Chapter 1 grant dollars to serve children in Prince Georges County or Massachusetts or Kentucky. How can you make sure the programs are comparable? I know the legislation would use the same formula.

QUALIFICATIONS OF CHAPTER 1 STAFF

Let me ask a specific question. Have you looked at the pay for teachers in compensatory education, and also in Head Start. I wonder if our least experienced teachers may be teaching our most at-risk and most difficult to educate children.

Do you believe that is the case?

Ms. LeTendre. I was looking at some data today that said our Chapter 1 teachers, in terms of holding certificates of advanced degrees, exceed the regular classroom teachers something like 6 to 28 percent.

ELIGIBILITY FOR CHAPTER 1

Mr. Hoyer. That is excellent. I didn't know that.

We mentioned the difficulty of defining who was eligible. There is no national standard. It is all done by States or by LEAs?

Ms. LeTendre. All done by LEAs.

Mr. Hoyer. Is that appropriate, do you think?

Ms. LeTendre. We had a long discussion about that. We received input through a series of six regional meetings held across the country in order to develop regulations. We discussed that again at negotiated rule-making. Almost without exception, the consensus of those who had to carry out the program at the State and local level was that it was most appropriate that those decisions would be made at the local level.

The law does address the issue of assessment of the students. It says they should be assessed according to objective criteria, both written and oral, uniformly applied across grades. One would hope that each district has some flexibility in doing that.

I have encouraged multiple factors to be considered. One standardized test alone should not give the total picture of educational deprivation. When we defined it to be that a child is not functioning at a level appropriate for its age, we made sure it was not grade, because some children are retained in grade, and we didn't want that to be the issue. Appropriate for age.

That allows local districts the opportunity to weigh in teacher judgment, grades in the classroom, other types of criteria and reference information they may have in order to say in our district, given our student population, this is what constitutes educational deprivation.

That, of course, is going to vary from district to district. We know that in some districts, there are lower achieving students that are not served at all grades and in all subjects because the concentration of poverty is high.

We also know in wealthier districts sometimes they apply local norms, because in fact that makes more sense in terms of selecting students for that particular school district.

Mr. Hoyer. If I understood what you said at the end, some districts are less educationally-deprived. Then we assume all educationally-deprived children would receive aid in that particular district, which more educationally-deprived children would not receive in another district because of criteria?

Ms. LeTendre. That is right. Any county or any school district where there are 10 poor children counted for census purposes is eligible to receive a grant by law. Therefore, you see a variation in degree of poverty.

IMPACT OF CHAPTER 1 FORMULA

Mr. HOYER. Would it be fair to conclude the operation of that formula may have the effect of underserving the most needy?

Ms. LETENDRE. The Administration proposed tightening up that formula to some degree, and we were not successful. Congress rejected it because it eliminated some——

Mr. CORWIN. We did some tightening up. We came away with half a loaf. We think the formula is doing better. A lot of the data we use are 10 years out of date now. To a large extent, the Chapter 1 funds are allocated on the basis of 1980 census data. The pattern of poverty has changed since 1980.

CHAPTER 1 INSTRUCTION

Mr. HOYER. How many minutes of instruction does the average Chapter 1 student receive now?

Ms. LETENDRE. Students receive Chapter 1 instruction for approximately 30 to 35 minutes a day. They usually receive it five days a week. However, since most of the programs are being provided within the context of the regular school day, children are usually missing some other subject. Classroom teachers, and I think rightfully so, are making the decision that if you are going to get extra help in reading, let's take it out of the language arts block, provide reading instruction for 20 minutes and another group for 20 minutes.

The student who is not receiving direct instruction from the teacher would be having independent seat work at the time that other students are receiving additional instruction in Chapter 1.

In terms of real time, only 10 to 15 minutes has been added to a child's instructional day. I have been saying, any time I have an opportunity to speak to local school districts, that they should look at extending the time by looking at different ways of providing instruction, take-home computers, asking them to seriously take another look at before and after-school programs, and, if they didn't work before, to try again. The majority of our parents are concerned about children going home, becoming latchkey children, if you will. They have indicated they would be willing to pay for additional time. Chapter 1 could provide that.

District administrators, I think, need to take a real hard look at adding real time to the child's day. We really want a supplemental program. We need to take a look in that regard at funding more pre-school programs. That is when we really have supplemental time, when they are not engaged in any other kind of instruction.

PRE-SCHOOL EDUCATION

Mr. HOYER. How early would you recommend that pre-school time? What age?

Ms. LETENDRE. Our guidance in the legislation talks about an age from which they will be able to benefit from instruction. We find no earlier programs than 3 years old. Most are 3 and 4-year-old programs.

Mr. HOYER. Montessori begins at 3?

Ms. LETENDRE. Yes.

Mr. HOYER. They are pretty effective programs?

Ms. LeTendre. For some children.

Mr. Hoyer. Why?

Ms. LeTendre. There are different children who benefit from different kinds of approaches to instruction. There are different theories about what is best for all children. For some, it may be better. For some, a more developmental, more relaxed pace would be more appropriate. We let school districts make that decision themselves.

SCHOOL EXPECTATION FOR STUDENT PERFORMANCE

Mr. Hoyer. How big a problem do you think the expectation of "who can" and "who cannot" perform is in our educational system?

Ms. LeTendre. I think it is a major problem.

Mr. Hoyer. I think you just articulated that somewhat?

Ms. LeTendre. We just released a study called "Alternatives." It challenges some of the past conventional wisdom, if you will, about education of the disadvantaged. Some of that has to deal with notions that we have regarding ethnicity and minorities and various cultures, and what one can expect from certain children.

There is also a challenge to the notion that you must be able to have the basic skills. In other words, you have to be able to spell before you can write. The study is encouraging schools and teachers and all those involved with education to set higher expectations. We continue to do that as we look at the accountability provisions in Chapter 1.

For the first time, we have an emphasis on not only basic skills, but more advanced skills. This year for the first time, we will be receiving data on advanced skills. I am quite sure that the 9.5 percent of schools that have been currently identified for program improvement are going to increase when we have to look at not only the basic skills score in reading, but also, if you will, a comprehension score, and not only basic computation in math, but also problem-solving.

I think we are going to see more schools recognizing that we have to address the issue of advanced skills. We are currently in the process in the Department of conducting eight regional meetings across the Nation on program improvement. As part of those sessions, we are focusing on these very issues and are providing strategies for effectively addressing how one can teach advanced skills, what they are in the context of Chapter 1.

Mr. Hoyer. Thank you, Mr. Chairman.

TARGETING OF CHAPTER 1 FUNDS

Mr. Natcher. The Hawkins-Stafford amendments in 1988 attempted to significantly improve the targeting of Chapter 1 funds. In your view, has that effort been successful?

Ms. LeTendre. The national assessment of Chapter 1 indicated that there is a very strong correlation between the concentration of poverty in a school and the educational deprivation and achievement level of the children attending that school.

The study showed that children, regardless of income, are going to do less well in a school where there is lots of poverty. I think our formula does address it, particularly through concentration grants.

We know that 42 percent of the Chapter 1 population is poor compared to 20 percent of the general school-age population. Ninety percent of those school districts that have a high concentration of poverty—in which the poverty rate is 50 percent or higher—receive Chapter 1.

Seventy-five percent of all Chapter 1 students are in districts that are considered to be high-poverty and above the national midpoint for poverty. We know that 45 percent of all the students are in the quartile of the districts that have between 50 to 100 percent poverty.

I would say the statute, while it is not perfect, is certainly addressing targeting of resources and subsequently targeting of those children who are educationally deprived.

ACCURACY OF DATA ON WHICH THE CHAPTER 1 FORMULA IS BASED

Mr. NATCHER. How accurate is the information that you use to determine the distribution of Chapter 1 funds? From time to time, we read stories that you are having serious problems with the data that you are using. What about this?

Mr. BONNER. We have run into concerns about it. Our data is based on census and, updated annually, reports on State per-pupil expenditure. We have been notified, informed by the IG Report, that there are concerns that we simply must address in order to get better information.

We have set in motion a number of activities, including a Department-wide task group to study the issue of better reporting standards—particularly as they concern State per pupil expenditure data.

Mr. NATCHER. Mr. Conte, I yield to you.

PULIDO DECISION

Mr. CONTE. Thank you, Mr. Chairman.

You know, Mr. Bonner, I have been concerned about the effects of the *Felton* decision on Chapter 1 programs in private schools. It has come to my attention that the United States District Court has ruled in *Pulido* that the current regulations for allocating certain funds are constitutional problems.

Tell us about this rule and what is means to private schools.

Mr. BONNER. *Pulido* decided that in LEAs governed by by-pass provisions in the State of Missouri, they could not put vehicles on private property for the sake of providing Chapter 1 instruction to private school children. The impact is restricted only to those by-pass districts.

Ms. LETENDRE. I want to add that perhaps a more significant and more disturbing part of that ruling had to do with the Department's policy of withholding from an LEA allocation the cost of providing the expenses off the top. That was the second practice that was ruled unconstitutional in the *Pulido* decision.

We currently have the case under appeal to the U.S. Circuit Court of Appeals in the Eighth Circuit. The Department filed a motion to stay the District Court's decision as well.

I want to emphasize that the Department, as Dan indicated, and the court has ruled that these provisions are unconstitutional only in those local school districts in Missouri. For the rest of the Nation, the regulations and guidance that have been issued on these two issues remain in effect for Chapter 1 programs, and all LEAs are therefore, except those in *Pulido*, are not subject to the *Pulido* litigation.

Therefore, the policies issued are in effect in all other districts in the Nation.

PRIVATE SCHOOL PARTICIPATION

Mr. CONTE. According to a recent GAO study, participation by private school pupils in Chapter 1 has increased in recent years. It is still well below the level before the 1985 decision. Has this continued reduction of private school pupil services indicate a need for additional funds for capital expense grants?

Ms. LETENDRE. I think we addressed that. To date, there has been $44,000,000 that Congress has appropriated to address the $104,000,000 that the GAO indicated would be needed to reimburse for past expenses and to address future operating expenses.

I think they indicated there was 60-something-million dollars that would be needed for reimbursement for past expenses. We are finding that most States are reimbursing local school districts for those past capital expenses, thereby increasing numbers of both public and private school students who can participate in the Chapter 1 program.

Mr. CONTE. Get the answer to these next two questions for the record.

STATE PROGRAM IMPROVEMENT GRANTS

How are States using their Chapter 1 program improvement grants first provided in fiscal year 1990, and how will the State Program Improvement Act be distinguished from State administration and evaluation activity?

[The information follows:]

USE OF CHAPTER 1 PROGRAM IMPROVEMENT GRANTS

School year 1989-90 is the first year of operation for Chapter 1 School Improvement Grants. Thus no information about the exact uses of these funds is available at this time. However, it is anticipated that the most common uses of Chapter 1 Program Improvement funds will involve: the sponsoring of workshops by evaluation and program improvement experts; consulting with developers of exemplary or promising educational practices; training or retraining local school district personnel who work with Chapter 1; and developing innovative strategies.

DISTINCTION BETWEEN PROGRAM IMPROVEMENT ACTIVITIES AND STATE ADMINISTRATIVE ACTIVITIES

Funds provided for Chapter 1 State Program Improvement Grants, as opposed to those provided for State Administration, can only be used for direct educational services in schools implementing program improvement plans. Parents of participating children and staff from the individual school, the local educational agency, and the State educational agency must jointly agree on who will provide technical assistance and on how best to use these funds in the effective implementation of the program improvement plan. Separate accounting of these funds is required, and documentation must be maintained to show that these funds are used in accordance with the statute.

CHAPTER 1 LONGITUDINAL STUDY

Mr. CONTE. The longitudinal study of Chapter 1, as mandated by the Hawkins-Stafford Education Amendments of 1988, is supposed to determine the impact of participation of that program. Four options are under consideration with costs ranging from $35,000,000 to $41,000,000, plus additional costs of up to $26,000,000 to include special populations.

Question: What is the timetable for selecting these options? How soon will the study be fully under way? What are the implications for provision of funding?

Mr. CORWIN. A few weeks ago, the staff of the Department, who are in charge of that study, did a briefing for staff of the House and Senate side to present them with the options and generate their ideas on which options should be selected. At that time, the congressional staff asked for additional information before they made up their mind on that. I think that, just within the last week, we sent them that additional information.

What we have done so far is really the design work. Fiscal year 1991 is when we will get out in the field to begin collecting data on the different students. We will make a decision within the next several weeks on which option we are going to go with and then begin to pursue that.

Mr. CONTE. I see.

MERIT SCHOOLS PROGRAM

It bothers me a little bit. It doesn't look like the Presidential Merit School legislation appears to be funded in fiscal year 1990. Why are you proposing to jump into this program with initial funding of $225,000,000?

Mr. BONNER. Taking seriously the efforts at the national level by the Administration and efforts at the State level by the Governors, it makes sense to attempt innovations that provide incentives to the schools that are struggling to improve. Not enough attention in our minds has been paid to that.

We are seeking, therefore, as I think I mentioned before, to bring about a sense that schools that are struggling against great odds—schools we often see are associated with Chapter 1—should be recognized. By providing them with an incentive assistance which, after all, is a form of assistance to disadvantaged students to create an atmosphere in which students can improve their scholastic performance, we hope to reduce the dropout rate. In other words, it is designed to recognize the efforts of struggling schools, not schools that have made it over the top to success. We want to try to encourage innovation that will change the equation, as it were, with struggling schools.

ADMINISTRATION OF MERIT SCHOOLS

Mr. CONTE. Dan, who is going to make the determination on what school and how much money? Is it the Feds or the local government or the States?

Mr. BONNER. States are being given allocations through a formula that is associated with the school population in Chapter 1.

Mr. CONTE. Will they make the decision?

Ms. **LeTendre**. There will be criteria established at the Federal level for raising achievement levels, reducing dropout rates, and creating a safe and orderly environment, including a drug-free environment. In addition, States would address other criteria. They would be encouraged to take into account criteria that would address high proportions of low-income children.

They would be assisted by a panel which is specified in the legislation, consisting of various educators, local administrators, institutions of higher education, community and business representatives, teachers, parents, board members and the like. They would not in isolation be making those decisions, but would, therefore, be having the input of people who on a day-to-day basis are involved in education in that State.

MISALLOCATION OF CHAPTER 1 FUNDS

Mr. **Conte**. Okay. The Inspector General has reported that an estimated $60,000,000 of Chapter 1 money is misallocated among the States each year because of faults in the data used to calculate the grants. How can this be corrected?

Mr. **Bonner**. We aim to correct it.

Mr. **Conte**. You aim to correct it?

Mr. **Bonner**. There are reporting requirements now that have led to a certain looseness in the aggregation of State per pupil expenditure amounts that may cause misallocations between and among the States. The $60,000,000 figure comes out of an average that had been adduced by the Inspector General.

We feel that it is important to take seriously and at face value what the Inspector General is saying about the looseness of reporting of these data by the States to the Federal Government. As I mentioned before, we have set up a task force in the Department with the specific aim of finding ways to obtain the best possible information on State per-pupil expenditures, which is important.

And, of course, we intend to go full speed ahead on that.

Ms. **LeTendre**. There are eight recommendations the Inspector General made. Four have been carried out. Much of the work is being done by the National Center for Education Statistics which collects this data. They have been revising forms and providing additional direction to State agencies.

The other recommendations that deal with proposed legislation are under consideration by a Department-wide task force. It is a Department-wide task force inasmuch as this is not purely a Chapter 1 issue. The State per-pupil expenditure is used in calculating other allocations as well. This audit was brought by the Chapter 1 office when we noted discrepancies from State to State. We asked them to take a look at it. They did.

REGIONAL MEETINGS

Mr. **Conte**. You mentioned the regional meetings are going to be up in Boston?

Ms. **LeTendre**. Yes, next Monday and Tuesday.

Mr. **Conte**. You just tell them what a great job Joe Early and Sil Conte are doing.

Ms. **LeTendre**. I absolutely will do that. If you are there, we would love to have you bring greetings as well.

Mr. **Conte**. Mr. Chairman, I will put the rest of the questions in the record.

REQUIRED DAYS OF SCHOOL ATTENDANCE BY STATE

Mr. **Early**. Mr. Bonner, what is the range, from the fewest to the most, of the number of school days required for elementary and secondary schools.

Mr. **Bonner**. I could not tell you offhand. We could submit that information for the record.

Mr. **Early**. What would be your opinion of what they are? The State of Massachusetts goes to school 180 days? Would that be correct?

Mr. **Bonner**. Close.

Mr. **Corwin**. I believe most States are fairly close to that.

Mr. **Early**. Do you know of any that are more than that?

Ms. **LeTendre**. Parts of Florida are considering right now adding a significant number of days to the school year.

Mr. **Bonner**. Los Angeles is broaching the issue of year-round schooling.

FEDERAL MANDATE FOR LENGTH OF SCHOOL YEAR

Mr. **Early**. Would you for the record provide what the number is? When we look at how everyone is trying to do the best thing for education, let me ask you this. Most States require schools to be in around 180 days, if we were to increase that by 10 percent, that would get them up to 198 days.

Why shouldn't the Federal Government be mandating a 10-percent increase in the school year and we would fund 20 percent for teachers? We would do more for education than we do with all the other programs.

Mr. **Bonner**. On the basis of a mandate?

Mr. **Early**. Yes.

Mr. **Bonner**. From the Federal side to the States?

Mr. **Early**. Yes.

Mr. **Bonner**. Repellent to our traditions, I do believe, to mandate.

Mr. **Early**. The heck with traditions. Why wouldn't it be right to increase the school year by 10 percent? If we increase the school year 10 percent, we know in the East how many days they are going. We hear all the educators telling us other nations are getting ahead of us because their children are going to school more days. Why wouldn't we be better off doing this?

We spend $350,000,000,000 on all of education, of which 6 percent of that is the Federal share, which includes no funds for teachers' salaries. That would get it down to roughly $320,000,000,000. If we were to say that seventy percent of education is teachers.

Then you take 70 percent of $320,000,000,000 and you are talking about $20,000,000,000 to increase teachers' salaries. We would do more if we took all our money and increase the school year length by 10 percent—mandate it, because then you'd know what every

State did. If they don't increase it 10 percent, they don't get the 20 percent increase for teachers.

Mr. Bonner. I would say that salaries for teachers have been rising in the past decade.

Mr. Early. Did they have any room to drop?

Mr. Bonner. A good question.

Mr. Early. I left teaching because I couldn't support a family. We don't—do you think it's wrong to say we drive our best students away from education, Mr. Bonner?

Mr. Bonner. No, sir. That is a fact. And we are seeking ways, through alternative certification and through other means, to raise consciousness on the issue of appropriate salaries for skilled people in and out of the profession.

Mr. Early. Do you think we have to study that to conclude that they have to pay teachers more money? All we have to do is pay them more money. Will you, for the record, give me your opinion on increasing the school year 10 percent for each State, and on increasing the teachers' salary? That way, we can control it. We know what States spent the previous year.

[The information follows:]

Days per school year, U.S. average:	
Current average (days)	[1] 178.0
10 percent increase (days)	195.8
National cost for elementary and secondary instruction:	
Current cost (billions)	[2] $84.0
20 percent increase (billions)	$100.8

[1] Source: NCES, "Fast Response Survey on Public High School Requirements," 1988 (school year 1984-85).

[2] Source: NCES, Common Care of Data Survey," 1987 (school year 1984-85).

The Department believes that the issues such as the length of the school year and teacher salaries should be decided at the State and local level. I do not think it appropriate at this time for the Federal Government to mandate either an increase in the length of the school year or an increase in teacher salaries.

QUALIFICATIONS OF CHAPTER 1 TEACHERS

Mr. Early. Ms. LeTendre, in regards to a question Mr. Hoyer asked. He asked you if the best teachers were with the disadvantaged. You said that the ones with the most degrees are. When I visited schools in my district, I found all the young teachers were the ones reaching the disadvantaged. I don't have problems with that, because I think it is much easier to be young to teach the disadvantaged.

But I don't think our best teachers are teaching the disadvantaged, I don't care what your study——

Ms. LeTendre. I was one of those teachers. I have to say that I find in visiting with teachers across the country that there may be some variations. By and large, I see our Chapter 1 teachers are the teachers others are turning to for additional assistance.

Mr. Early. Are they our young teachers, though? You have got so many studies, you must have a mean on what the average——

Ms. LeTendre. I don't think we looked at a teachers's age. We looked at their qualifications.

Mr. Early. I would think most of the teachers in special education are the younger teachers. I don't have a problem with that, because they are more aggressive, more eager. We lose a little zest.

Ms. **LeTendre**. I have heard some Chapter 1 district coordinators are concerned that the most tenured teachers were put into the program because it took a lot of their budget. I think you are going to find a lot of variation. One of the trends we have seen, however, from data that are reported to us each year by the States, not studies, data that they submit to us, is that we are finding more teachers and less teacher assists involved in the Chapter 1 program.

In other words, people who have had more training are working with the children.

Mr. **Early**. Mr. Bonner, will you provide for the record, as best you can, the number of days to increase the school days in each State, what they have now and what are 10 percent. I can figure out what a 10-percent increase is. If there is available data on what is the total amount to the teachers of the $353,000,000,000 in education. Even if that 353,000,000,000 in education in the States, I would have to expect that the Secretary Cavazos is talking about private schools?

Mr. **Bonner**. I do believe that is included.

Mr. **Early**. That is going to drastically cut—I mean, if we are looking toward a 20-percent salary increase for teachers, it might not be a lot of money. I don't think we approach problems with practical solutions.

We all know we couldn't increase the school year by 10 percent without giving teachers a 20-percent increase in salaries, because the teachers union would fight that, and they rightfully should. If you can, Mr. Bonner, I would be interested in that information.

Mr. **Early**. Thank you, Mr. Chairman.

Mr. **Natcher**. Mr. Hoyer?

CHAPTER 1 FUNDS FOR ELEMENTARY AND SECONDARY GRADES

Mr. **Hoyer**. Mr. Early wants you to look at that, but do not study it. Look at it and report it.

How much of the compensatory money, if you can break it out, is spent, on primary and how much is spent on secondary? Do we have figures?

Mr. **Bonner**. I think the secondary is between 15 and 20 percent.

Mr. **Hoyer**. So that 85, 80 percent is spent on elementary?

Ms. **LeTendre**. Eight percent is spent on pre-K and K. Then the remainder——

QUALITY OF TEACHERS

Mr. **Hoyer**. What did you teach, Ms. LeTendre?

Mr. **Early**. Statistics?

Ms. **LeTendre**. I taught Title I reading. I was a Title I reading specialist. I also taught Kindergarten and elementary school.

Mr. **Hoyer**. Where did you teach?

Ms. **LeTendre**. In Chippewa Falls, Wisconsin. That is Congressman Obey's district. I worked with Congressman Obey's wife.

Mr. **Hoyer**. My wife coordinates early childhood education in Prince Georges County. One of the problems is the Mary Jean LeTendres who are bright, innovative, and make the same decision that Joe Early made. You can't make enough money here, so we are going to do something that our talent and brains and spunk allow us to do.

So, we have you sitting at a table and doing a very important job. But I am convinced that we have some of our brightest, most able teachers in other professions.

Ms. **LeTendre.** I agree with you.

Mr. **Hoyer.** I guess I have given this speech before. You are tired of hearing it. That is why Joe Early's suggestion is so important. We can't compete in the marketplace for the Jean LeTendres in 1990 that we could in 1980 when you entered teaching.

SERVICE PRIORITIES WITHIN CHAPTER 1—PRESCHOOL

Do you believe that 8 percent, based upon your experience—and I am glad to hear you are focusing on Kindergarten as well, is an appropriate mix? I realize that we have a policy preference on a different mix of the funds for below first grade?

Ms. **LeTendre.** I am not satisfied with it. We have issued guidance providing additional flexibility for pre-school. One of the policies I looked at when I first came was paying for the assessment of children to participate in the programs. While we require that districts pay for the selection of the students and their basic needs assessment, we looked at the appropriateness of paying for the assessment and the recruitment of those students. Very recently we issued guidance to States and locals indicating that paying for a student needs assessment is an appropriate Chapter 1 expenditure with the fear that that initial expense might have deterred some from looking at the pre-school population.

If we are going to, as the President and Governors have said, prepare all students to be ready to enter school, then surely we should pay more attention to pre-school and Chapter 1.

I think part of it is that history has been our own enemy in the program. We find many decisions being made year after year, because we have done the same kind of thing each year. Administrators like it, parents like it. We don't have to try something new, we don't have to find new space, we don't have to provide transportation. Pre-school programs cost more money. With the increases in appropriations, we have been trying to encourage wherever we go that schools provide additional pre-school programs. A loud and clear no to your question isn't enough. I don't think it is.

Mr. **Hoyer.** I am glad to hear that.

HOW PROBLEMS OF 1990 DIFFER FROM THE PAST

I have a sense and would like your thoughts on the motion that problems that we confront in 1990 are radically different than the problems that we faced in 1950 or 1960 or 1970. I think the crack babies are going to be an incredible burden on the system.

Do you agree with the premise, and if so, what strategies are being developed to meet that problem lest we lose hundreds of thousands of children?

Mr. **Bonner.** I heard you speak eloquently about this before, and I appreciate your words. We are all in agreement on the need to look upon this as a radically changed circumstance in the United States. Our plans have to address, I believe, changing the equation for the way subjects are taught in school. That has to be looked at radically.

Adopting an approach that allows new phalanxes of teachers assuming, taking care of the question of drawing people of quality into the profession. But drawing them in in such numbers that their classroom activities will be devoted solely and totally to bringing out the best from children who are most severely afflicted. That is a task that grows more serious with the passing years.

If the maelstrom in New York, where I am from, is any indication, we go for 20 years without a shred of improvement in the situation. To put it another way, of 100 young people who go into school in first grade, that group will graduate 50 percent in the senior year of high school.

Of that group, one-half will graduate at a level at which they will be able to hold down, say, jobs requiring functional literacy. That is a scandal that goes on for all of our large cities. All of our exertions in the past 20 years, say since 1965, 25 years, have been directed in one way or other to trying to address that, and we have not done it. We have not done it because, as you said, we have the equation in the social class in the cities. It has changed radically.

I think we are all strategizing day in and day out, seeking desperately for ways to address the situation in the classroom. I can't say that we have the solution. We are all striving for it.

OVERALL PLANS TO ADDRESS NATIONAL EDUCATIONAL PROBLEMS

Mr. HOYER. I asked the Secretary about an overall plan to accomplish the President goals. I support the President and the Governors who are involved in that effort. We are obviously not going to achieve to those goals if we don't have a plan which includes the necessary resources to affect those changes.

Are you providing your component of the plan for that? Are you involved in that effort now?

Mr. BONNER. Day in and day out, yes, sir, everyone here.

Mr. HOYER. I guess I meant more specifically, so that we at some point in time can say this is what we are going to do over the next 10 years.

For instance, the Defense Department perceives the threat. It says in order to meet that threat, we need to provide X number of B-2 Bombers, X number of tanks, X number of military personnel. It seems to me that we need that kind of plan, because we have perceived the threat, and it is very great.

Mr. BONNER. May I interject, sir? I was at a Chapter 1 meeting, one of the school improvement meetings in Detroit last Monday. One of the speakers, in addition to our own eloquent Mary Jean LeTendre, was John Porter, Acting Interim Superintendent of the Detroit Public Schools, truly an eloquent man.

He said what it will take, in addition to all of the other reforms and activities and expenditures over the next 10 years, is that each of us become extraordinary people, extraordinary people without question, and across the board in the classroom, administrators, politicians, Federal officials, extraordinary people. He said it several times for emphasis. I think that kind of consciousness is a minimum, the minimal requirement to take for any of us to address this.

CLOSING REMARKS

Mr. **Hoyer**. You know, I came into politics when John Kennedy was running for office. I got very excited about that. He called for excellence and extraordinariness from each one of us. We need to have that again.

Thank you, Mr. Chairman.

Mr. **Natcher**. Mr. Early?

Mr. **Early**. I request permission to include all the other questions for the record.

One point. Mr. Bonner, on that assessment that I asked of you, would you include in that how much is other than public education and how much is higher education? Again, I don't want to spend a lot of money. Just get the statistics that you already have. I would like to find out how much of the $353,000,000,000 is spent on higher education, how much is spent on the private schools.

I am trying to conclude with how much we are paying teachers for a total sum.

Thank you, Mr. Chairman.

Mr. **Natcher**. Mr. Bonner, this has been a good hearing. I want to thank you and your associates for appearing before our committee at this time on behalf of your budget request for fiscal year 1991.

The committee will now adjourn until 2:00 p.m.

[The following questions were submitted to be answered for the record:]

STATE PROGRAM IMPROVEMENT GRANTS

Mr. Natcher: Does your 1991 request for program improvement exceed the current authorization?

Mr. Bonner: Yes it does. Based on our 1991 request, the authorization for this program (which is based on .25 percent of the amount allocated to the States under Chapter 1, Parts A and D, but not less than $90,000 per State) would be approximately $13.6 million. Our request is $24 million. The national priority for program improvment and greater accountability in Chapter 1 justifies the higher request.

EVEN START

Mr. Natcher: The President's 1991 request doubles funding for the new Even Start program to $48 million. Our friend Bill Goodling talks to us about this program. Why didn't you go up to $50 million which would convert this program to a formula grant?

Mr. Bonner: First-year Even Start projects are just beginning in this school year. At the same time the Department is also implementing the requirement that these projects be evaluated. We would like to see how the program is working through these discretionary grant projects, before making Even Start a formula program to the States.

CONCENTRATION GRANTS

Mr. Natcher: How much of the Concentration Grant money goes to urban districts and how much to rural areas?

Mr. Bonner: Of the 1989 allocation, 25 percent of the funds went to counties that were classified as central cities; 38 percent went to counties that were located in metropolitan areas but not in central cities; and 37 percent went to counties in non-metropolitan areas.

NUMBER OF PRIVATE SCHOOL STUDENTS SERVED BY CHAPTER 1

Mr. Natcher: How does the number of private school students served under Chapter 1 to date compare to the year before the Felton case?

Mr. Bonner: In the school year 1984-85, 184,532 private school students received Chapter 1 services. In the 1987-88 school year, the last year for which we have data, 134,598 private school students received services.

CHAPTER 1 HANDICAPPED PROGRAM

Mr. Natcher: Last year, the General Accounting Office recommended that the Chapter 1 Handicapped program be merged with similar activities under Public Law 94-142. What is your response to this proposal?

Mr. Bonner: We agree strongly with GAO's recommendation that the Chapter 1 Handicapped program (Chapter 1) be merged with Part B of the Education of the Handicapped Act (EHA). As the GAO pointed out, both programs now serve children of similar ages with similar kinds of handicapping conditions, but there is significant funding imbalance between the Federal share per child States receive under the Chapter 1 program and the EHA. The Department has made similar proposals in the past, because we believe that it would be more efficient to serve all handicapped children under one program. We do not necessarily agree, however, with the GAO's recommendations about how the merger should be structured. Before reaching a decision about structuring the merger, we would have to determine how infants and toddlers (who can be counted under Chapter 1 but not under EHA, Part B) should be treated, whether funds should be set aside for services to severely handicapped children, and how we can ensure a smooth transition in providing services for children previously served under Chapter 1.

BUDGET REQUEST FOR THE LONGITUDINAL STUDY IN 1991

Mr. Natcher: Your office recently submitted a report to the Committee on various cost options for conducting the Chapter 1 longitudinal study. We have been concerned that this study could cost more than $40 million. We will insert this report in the record at this point. Tell us first how much is in your 1991 budget for this study?

Mr. Bonner: The report provided to the Committee projected a 1991 cost of $4.9 million. This projection included the cost for a study, not required by mandate, on best practices. Subtracting out the best practices component and funding that independently will reduce this year's cost for the longitudinal study from $4.9 million to approximately $4.3 million, which is within the authorized limit for the study.

An independent study of best practices was recommended to us by our experts, and by our stakeholder and technical work groups as being an important aspect of studying Chapter 1 participation. Such a study would enable us to examine rigorously and document carefully practices that hold the greatest promise for educating disadvantaged students. The areas of practice we expect to study include the following:

Schoolwide projects
Curriculum innovations
Extended time
Parent involvement

Technological innovations
Peer or adult tutoring
Integrated services
Programs serving limited-English proficient students
Migrant programs
Programs serving Native Americans
Preschool programs

We expect to complete, under the Best Practices study, 10 data collection activities by the time interim report on the longitudinal study is completed in January 1993. The main longitudinal study will have had only two data collection activities during this same period (May 1991 and May 1993). The Best Practices study, in conjunction with the longitudinal survey, will allow us to provide Congress with useful information regarding student participation and effective strategies in Chapter 1 programs.

AUTHORIZATION FOR THE LONGITUDINAL STUDY

Mr. Natcher: Doesn't your 1991 request for the study exceed the authorization which I believe is only $4.4 million?

Mr. Bonner: The report projected a 1991 cost that would have exceeded the authorization by $500,000. However, as indicated in the response to the previous question, we would fund the Best Practices Study independently. Thus, the 1991 cost for the Longitudinal Study will now be approximately $4.3 million in 1991.

TOTAL COST OF THE LONGITUDINAL STUDY

Mr. Natcher: What is the total cost of this study as it is currently designed?

Mr. Bonner: The total estimated cost of the study, including the best practices component, is estimated to be $41 million over a nine-year period. If the best practices component is not included, the estimate is $28 million.

Mr. Natcher: What would we lose if we were to scale this project back to option #4 which we understand would save about $5 million?

Mr. Bonner: Option #4 would provide for a longitudinal study that includes a best practices component. The study would, however, consist of only two cohorts--students beginning in grade 1 and students beginning in grade 4. Students beginning in grade 1 would be followed through grade 6 and, students beginning in grade 4 would be followed through grade 9. This option would result in a savings of approximately $6 million. However, if option #4 is exercised, we would not be able to follow Chapter 1 participants until they are 18 years of age or evaluate the effects of participation on 25-year olds as required by the statutory mandate.

MIGRANT EDUCATION PROGRAM

Mr. Natcher: Mr. Bonner, is the total number of migrant students of all types increasing or decreasing in this country?

Mr. Bonner: The total number of migrant students counted for allocation purposes has increased from 420,199 full time equivalent (FTE) students in 1987 to 514,462 FTE students in 1989. There was an especially large increase in the number counted in 1989 because the authorizing legislation expanded the ages of children counted for allocation purposes from 4 through 17 years to 3 through 21 years.

The total number served has also increased from 277,798 in school year 1984-85 to 386,039 in school year 1987-88.

Mr. Natcher: Insert in the record at this point a copy of your report to the Committee on the migrant program.

Mr. Bonner: A copy of the Department's report on the Chapter 1 Migrant Education program follows:

Report on the Department of Education Review of Chapter 1 Migrant Education Data

This report was prepared in response to a directive in the House Committee on Appropriations report on the Departments of Labor, Health and Human Services, and Education, and Related Agencies Appropriations Bill for 1990. In that report, the Committee expressed its concern over the high proportions of formerly migrant students settled in local communities who are served by the Chapter 1 Migrant Education program. The Committee requested that the Department of Education review the data on these children, and their policy implications, and submit a report to the authorizing and appropriations committees by February 1, 1990. The Committee stated that the report should specifically address the issue of whether formerly migrant students are significantly more disadvantaged educationally than other Chapter 1-eligible students.

Background

The Chapter 1 Migrant Education program was first enacted in 1966 to provide financial assistance to State Educational Agencies (SEAs) for use in providing compensatory education services to children of migratory agricultural workers. Subsequent legislation extended program services to children of migratory fishermen. When establishing this program, Congress recognized that, in addition to coming from low-income backgrounds, migrant children faced a number of unique factors that contributed to their being educationally disadvantaged. Among these factors:

- A high incidence of mobility that disrupted any continuity in the educational services migrant children received.
- A general view held by most local school districts that migrants were non-resident children and therefore not a local responsibility.
- A structured and regular school year with a specified number of days and a sequential curriculum that did not meet the educational needs of migrant children who came to school at varying times during the year.
- A lack of any system to transfer academic or health records from one place to another as migrant children moved, thus making it extremely difficult for them to receive instruction in a coordinated manner.
- The unpredictable nature of the agricultural cycle and the variations in routes that migrant families followed from one year to the next, which made it difficult for needed money and services to follow migrant children.

Program Operations

Program funds are allocated to SEAs based on a State's per-pupil expenditures and the number of eligible full-time equivalent (FTE) migrant children aged 3 through 21 residing within each State. This count is adjusted to account partially for the additional costs of running summer programs. These FTE counts of migrant children are provided to the U.S. Department of Education (ED) by the Migrant Student Record Transfer System (MSRTS), a computerized data base located in Little Rock, Arkansas and operating under contract with the Department.

A small portion of the funds appropriated for Migrant Education is also set aside for migrant education coordination activities. These funds support the operation of MSRTS and other projects designed to improve inter- and intra-State coordination of migrant education activities.

In fiscal year 1989 the breakout for Migrant Education State grants and coordination activities was as follows:

Distribution of
FY 1989 Migrant Education
Appropriation

Grants to SEAs	$263,920,000
Migrant coordination activities:	
MSRTS	5,707,337
Inter- and intra-State coordination projects	2,072,663
Subtotal, coordination activities	7,780,000
Total	271,700,000

Individual State grants ranged from $41,190 to $87 million.

Once an SEA receives Migrant Education funds, it may operate a program either directly, through subgrants with local school districts, or through arrangements with public or nonprofit private agencies. In practice most program services (86 percent) are delivered through SEA subgrants to local or regional educational agencies.

To receive migrant funds an SEA must submit an application to ED that describes how:

1. Funds will be used for activities that meet the special educational needs of migratory children and coordinate with similar programs in other States.

2. Planning and operation of Chapter 1 Migrant education programs will be coordinated with other Federal programs that benefit migrant children.

3. Parents are involved through parent advisory councils in program planning and implementation.

4. The needs of pre-school migrant children will be addressed in the design and implementation of migrant education projects.

5. The effectiveness of programs implemented within the State is to be evaluated.

6. Programs operated by subgrantees will comply with all applicable statutory and regulatory requirements.

Eligibility Criteria

Under the statute and regulations, two types of children are counted for allocation purposes and are eligible for services: currently migratory and formerly migratory children. According to the regulations a "currently migratory child" is one:

> whose parent or guardian is a migratory agricultural worker or migratory fisher; and who has moved within the past 12 months from one school district to another — or, in a state that is comprised of a single school district, has moved from one school administrative area to another — to enable the child, the child's guardian, or a member of the child's immediate family to obtain temporary or seasonal employment in an agricultural or fishing activity. This definition includes a child who has been eligible to be served under the requirements in the preceding sentence, and who, without the parent or guardian, has continued to migrate annually to enable him or her to secure temporary or seasonal employment in an agricultural or fishing activity. This definition also includes children of migratory fishermen, if those children reside in a school district of more than 18,000 square miles and migrate a distance of 20 miles or more to temporary residences to engage in fishing activity (34 CFR Section 201.3(a)).

A "formerly migratory child" is one who: (1) was eligible to be counted and served as a currently migratory child within the past five years but is not currently migratory; and (2) has a parent's or guardian's concurrence to continue to be considered a migratory child (34 CFR Section 201.3(b)).

MSRTS data show that for each of the years 1984 through 1989 between 60 and 63 percent of the FTE migrant students counted for allocation purposes were formerly migratory and had resided in the same school district for at least a year. The following table compares the number and proportion of formerly migratory and currently migratory children counted for allocation purposes during that period:

Number of FTE Children Counted for
Allocation Purposes

Year	Currently Migratory	Formerly Migratory	Total
1984	173,209 (39%)	266,408 (61%)	439,617
1985	154,939 (37%)	263,816 (63%)	418,755
1986	158,296 (38%)	256,331 (62%)	414,627
1987	159,857 (38%)	260,342 (62%)	420,199
1988	164,511 (38%)	272,435 (62%)	436,947
1989*	204,124 (40%)	310,338 (60%)	514,462

* The number reflects the change resulting from P.L. 100-297 that expanded the ages of children counted for allocation purposes from 5 through 17 years to 3 through 21 years.

Similarly, data reported to ED by the States on the number of children served by the program for school years 1984-85 through 1987-88 (the last year for which actual data are available) show that, in each year, at least half of the students served have been formerly migrant. The following table summarizes these data:

Number of Children Served

Year	Currently Migratory	Formerly Migratory	Total
1984-85*	131,779 (47%)	146,019 (53%)	277,798
1986-87	162,705 (47%)	180,564 (53%)	343,269
1987-88**	192,401 (50%)	193,638 (50%)	386,039

* Texas and Washington did not report data on the number of students served for that year.

** Preliminary

Needs of Eligible Migrant Children

Migrant children as a group are severely disadvantaged educationally. They are, on average, over two years behind academically when compared to all students in the same grade. This situation is made worse because migrant children tend to be older than the average child in the same grade. As they grow older, migrant children drop further behind non-migrant children and their drop-out rate accelerates rapidly after the eighth grade. Likewise, average standardized pretest scores for migrant students participating in the program range from the 11th to the 26th percentile in reading and from the 18th to the 41st percentile in mathematics (Research Triangle Institute, Study of the ESEA Migrant Education Program, 1981).

More recently a survey of MSRTS data completed by the Migrant Education Secondary Assistance (MESA) project in 1989 shows that migrant children continue to be educationally disadvantaged. In that survey almost half of the currently migrant students participating in regular school term migrant education projects were at least one year below grade level in academic achievement and 45 percent of formerly migratory students participating in those projects were one or more years below grade level.

No data exist from which to determine if eligible formerly migrant children in recent years have been: (1) as educationally disadvantaged as currently migratory children, or (2) significantly more disadvantaged than other children receiving services under the Chapter 1 LEA grant program. The Department will have more comprehensive data on these two issues in 1992 upon completion of a National Study of the Migrant Education program and collection of State Migrant Education participation data from the 1990-91 school year.

In the meantime, to provide Congress with some information on these issues, we have reanalyzed data from the 1981 Research Triangle Institute (RTI) Study of the Migrant Education program, the last study to provide comprehensive information on the program. In analyzing RTI data (gathered in 1977-78), we converted pre-service test scores 1/ for currently and formerly migratory student participants in second, fourth, and sixth grades to normal curve equivalent scores (NCEs) 2/ and to percentile ranks and compared them to each

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1/ "Pre-service test scores" refer to scores from tests administered to participating migratory children before they received program services.

2/ A normal curve equivalent (NCE) unit is a standard metric that provides a common frame of reference to enable comparisons of scores from different kinds of a standardized tests.

other and to comparable data for children participating in the Chapter 1 LEA Grant program in the 1979-80 school year (the earliest year for which those data are available). In this way, we are able to make a rough comparison of academic performance between currently and formerly migratory children and between formerly migrant children and children participating in the regular Chapter 1 program.

Based on these comparisons, we found no significant differences in the reading and mathematics test scores and precentile rankings of currently and formerly migratory children at the grade levels (second, fourth, and sixth) examined by RTI. In other words, currently and formerly migrant children appeared to be equally disadvantaged. The following table provides a more detailed breakout of these data:

Comparison of Average Reading
Normal Curve Equivalent (NCE) Scores and
Percentile Ranks for Currently and Formerly Migratory Children

Grade Level	Test Score	Currently Migratory	Formerly Migratory	Difference, Currently Migratory vs.Formerly Migratory
2	Average NCE score	34.1	37.1	-3.0
	Percentile rank	23	27	-4
4	Average NCE score	35.2	35.7	-.5
	Percentile rank	24	25	-1
6	Average NCE score	33.0	32.6	+.4
	Percentile rank	21	20	+1

Comparison of Average Mathematics
Normal Curve Equivalent (NCE) Scores and
Percentile Ranks for Currently and Formerly Migratory Children

Grade Level	Test Score	Currently Migratory	Formerly Migratory	Difference, Currently Migratory vs. Formerly Migratory
2	Average NCE score	42.9	42.9	0
	Percentile rank	37	37	0
4	Average NCE score	42.3	40.2	+2.1
	Percentile rank	34	32	+2
6	Average NCE score	40.0	38.8	+1.2
	Percentile rank	32	30	+2

Data comparing differences in pretest academic performance of formerly migratory children participating in the Migrant Education program and children participating in the regular chapter 1 LEA Grant program were mixed but generally showed few differences. In some cases (second and sixth grade reading scores, for example), regular Chapter 1 students appeared to be a little better off academically than formerly migratory children. In other cases (fourth grade reading scores and second, fourth, and sixth grade mathematics scores) test scores for formerly migratory children were higher than they were for similar children in the regular Chapter 1 program. The following tables present data on these comparisons for grades two, four, and six in reading and mathematics.

Comparison of Average Reading
Normal Curve Equivalent (NCE) Scores and
Percentile Ranks for Formerly Migratory Children and
Regular Chapter 1 Children

Grade Level	Test Score	Formerly Migratory Students Participating in a Migrant Education Program	Students Participating in in a Regular Chapter 1 Program	Difference, Formerly Migratory vs. Regular Chapter 1
2	Average NCE score	37.1	37.6	-.5
	Percentile rank	27	28	-1
4	Average NCE score	35.7	34.7	+1.0
	Percentile rank	25	23	+2
6	Average NCE score	32.6	33.9	-1.3
	Percentile rank	20	22	-2

Comparison of Average Mathematics
Normal Curve Equivalent (NCE) Scores and
Percentile Ranks for Formerly Migratory Children and
Regular Chapter 1 Children

Grade Level	Test Score	Formerly Migratory Students Participating in a Migrant Education Program	Students Participating in in a Regular Chapter 1 Program	Difference, Formerly Migratory vs. Regular Chapter 1
2	Average NCE score	42.9	41.9	+1.0
	Percentile rank	37	35	+2
4	Average NCE score	40.2	37.5	+2.7
	Percentile rank	32	28	+4
6	Average NCE score	38.8	35.4	+3.4
	Percentile rank	30	24	+6

Conclusions and Policy Implications

The data presented here are old and, because comparable data for only three grade levels were available and these data were gathered from different years, are also limited in scope. Therefore, they must be interpreted with caution.

Given this caveat, we summarize the data as follows: First of all, there appear to be few differences in level of academic achievement between formerly and currently migrant children. Second, the data seem to suggest that migrant children in general and formerly migrant children in particular are roughly equivalent in terms of academic achievement to children who participate in the regular Chapter 1 program. The differences in terms of average test scores for second, fourth, and sixth graders are generally minor. In some instances, such as when math test scores were compared, both currently and formerly migratory children seem to have been better off academically than children who participated in the regular Chapter 1 program. In other cases (second and sixth grade reading scores), formerly migrant students appeared more academically disadvantaged than regular Chapter 1 participants.

Given the limitations of these data, it is impossible to draw any firm policy conclusions at this time. These must await the analysis of 1990-91 State performance data and the completion of the national study in early 1992. However, several issues should be considered in any discussion of policy for the Migrant Education program:

1. The intent of the Migrant Education program is to serve a population that, in addition to being educationally disadvantaged, has special needs because of its mobility. There is a greater likelihood that migrant children will be overlooked by a school district in its assessment of the service needs of its educationally disadvantaged population and therefore not receive needed compensatory educational services. However, the statute provides that a child may be considered migratory for up to five years after the initial move. Roughly half the number of children served by the Migrant Education program have remained in the same school district for at least one year, and in many cases these children have been in the same district for two or more years. Should there be a point at which these formerly migrant children cease to be considered migratory and eligible for services? To the extent that these formerly migrant children are educationally disadvantaged and live in eligible Chapter 1 school attendance areas, they could be served through the regular Chapter 1 program.

2. On the other hand, formerly migrant children appear to suffer roughly the same level of educational deprivation as currently migratory children. This suggests (as the statute reflects) that the disruptive effects of a migrant child's initial move extend for more than one year after the child settles into a community. Any action to limit further the eligibility of formerly migratory children under this program could result in a significant number of needy children not receiving compensatory education services because there is no guarantee that such children would in fact receive them under the regular Chapter 1 program.

PRESIDENTIAL MERIT SCHOOLS

Mr. Natcher: I believe the Senate-passed bill includes a "trigger" provision which would delay funding for Merit Schools until certain conditions are met. How would this work in 1991?

Mr. Bonner: Under the Senate passed bill the funding authorization for the Presidential Merit Schools program would be the lesser of: (1) the amount appropriated for Chapter 1 of the Elementary and Secondary Education Act in excess of $5,090,000,000; or (2) the amount appropriated to carry out Chapter 1, Part C (Secondary School Basic Skills and Dropout Prevention) in excess of $200,000,000. In no case, however, could the amount made available for this program exceed $200,000,000. If the Senate provision becomes law and the trigger provisions were followed by the appropriations committees, the Department, based on its 1991 budget request, could not fund the Presidential Merit Schools program in fiscal year 1991 because no funds were requested for the Chapter 1, Part C program.

SUSTAINING EFFECTS STUDY

Mr. Natcher: Would you review for the Committee briefly the results of the so-called "sustaining effects" study and tell us what this means for Chapter 1?

Mr. Bonner: The Sustaining Effects study was completed in 1980 and collected data on Title I programs from school years 1976-77 through 1978-79. The following are major findings that continue to have implications for current Chapter 1 operations:

Services

Title I was not fully supplementary in terms of time provided for instruction but instead only partially replaced other instruction.

- While Title I students received considerably more instruction in reading and math than did regular students, regular students also received instruction of some type. Thus it is not clear that Title I students enjoyed a net gain in total instruction.
- Title I instruction focused on basic rather than advanced skills. In reading, Title I students were exposed, throughout their elementary grades, to more elementary or basic reading methods than were regular students, who received information in more complex materials. In the first two grades, the approaches used in teaching reading were similar for Title I and regular students, but then they began to diverge. By the sixth grade, the approaches most

frequently used with Title I students were the ones least frequently used with regular students and vice versa.

Participation

There are targeting problems with Title I. Significant numbers of Title I students are neither poor nor low-achieving:

- Among students who were both poor and low achievers, 40 percent received compensatory education (CE) while 60 percent did not. Other comparisons showed that there were significant numbers of non-poor, regular achievers who received CE services.
- Because there were many more non-poor students than poor students, the absolute number of non-poor students receiving CE services was larger than the number of poor students receiving services. In 1976-77 there were about 1,230,000 poor students and 1,693,000 non-poor students receiving Title I. There were about 2,500,000 poor students who did not receive any CE services.
- Among low-achieving students, 46 percent received CE services while 54 percent did not. Among regular-achieving students 19 percent received CE services.

Outcomes

Title I had not narrowed the achievement gap between Title I students and nondisadvantaged students though the services may help keep the most-disadvantaged students from falling further behind:

- Children who received Title I services increased their performance at a faster rate than similarly disadvantaged students who did not receive services.
- The performance of Title I students usually grew at a rate that was similar to the rate of growth of students in the regular curriculum. Nevertheless, the gap between Title I students and nondisadvantaged students widened as grade level increased.
- A number of analyses show that the less-disadvantaged Title I students benefitted from a year of Title I services and were promoted out. However, the most-disadvantaged students usually received Title I services during all three years of the study and did not show relative gains, but did not fall further behind.

Title I seemed to be most effective in the earlier grades.

There was considerable turnover in students receiving Title I services. About 40 percent of the students receiving Title I services in a given year did not receive them in the following year. There was no evidence of an optimum duration for CE services.

The effects of Title I were not sustained much beyond the years in which services were provided:

- During the year when CE services had been discontinued, the students who had been "promoted out" continued to perform at their new levels and did not seem to revert to lower achievement levels.
- By the time students reached junior high school, however, there was no evidence of sustained or delayed effects of Title I.

Title I resources had little or no effect on student achievement. A lower student/staff ratio was positively related to percent of students on-task, percent of teacher time devoted to instruction, quality of classroom management, and level of direct supervision of students. However, resources were not positively related to achievement, except for fifth grade math where the relationship was quite moderate.

DATA BASE FOR SUSTAINING EFFECTS STUDY

Mr. Natcher: Is it true that the Sustaining Effects Study was based on 1976 data? If so, at what point will we get more current information on this question?

Mr. Bonner: The Sustaining Effects Study (SES) collected data in three successive school years: 1976-77, 1977-78 and 1978-79. Each fall and spring, all students in the 329 schools sampled took achievement tests and answered attitude questionnaires; their teachers indicated the amounts and kinds of instruction each child received in reading and mathematics during the school year; and the teachers and principals reported on their own training, characteristics, and methods of instruction.

The planned National Longitudinal Study of Chapter 1 will provide new information on the effects of Chapter 1 services on students over time. The design phase proposes data collection over six years beginning in spring 1991 and concluding in spring 1996. An interim report, analyzing data from spring 1991 and 1992, will be submitted to Congress in January 1993. The final report examining longitudinal effects from 1991 to 1996 will be submitted to Congress in January 1997.

In addition, the ongoing Study of Academic Instruction for Disadvantaged Students will examine the effects of continuity in instructional approach on students. The final report will be available in December 1991.

STATE MINIMUMS FOR CONCENTRATION GRANTS AND STATE ADMINISTRATION

Mr. Natcher: The budget proposes to eliminate the special minimum State grants for concentration grants and State administration. Which States are affected and how much money would each of these States lose?

Mr. Bonner: The following table compares the 1991 estimated allocations for Concentration Grants and State Administration based on the statutory State minimums and the special State minimums established in the 1990 appropriation.

Comparison of Estimated ~~1991~~ State Administration Allocation Using Statutory State Minimum of $325,000 and a State Minimum of $375,000

	State Administration Allocation Using Statutory State Minimum of $325,000	State Administration Allocation Using $375,000 State Minimum	Gain or Loss for States Using the Statutory Minimum of $325,000
National Total	$54,000,000.00	$54,000,000.00	$0
Alabama	1,053,415	1,035,256	18,159
Alaska	325,000	375,000	(50,000)
Arizona	606,120	595,671	10,449
Arkansas	628,232	617,403	10,829
California	5,452,649	5,358,653	93,996
Colorado	474,726	466,543	8,183
Connecticut	553,566	544,023	9,543
Delaware	325,000	375,000	(50,000)
District of Columbia	325,000	375,000	(50,000)
Florida	2,309,230	2,269,422	39,808
Georgia	1,333,599	1,310,610	22,989
Hawaii	325,000	375,000	(50,000)
Idaho	325,000	375,000	(50,000)
Illinois	2,440,488	2,398,417	42,071
Indiana	759,320	746,230	13,090
Iowa	398,304	391,438	6,866
Kansas	344,001	375,000	(30,999)
Kentucky	892,861	877,469	15,392
Louisiana	1,200,531	1,179,836	20,695
Maine	325,000	375,000	(50,000)
Maryland	804,938	791,062	13,876
Massachusetts	1,246,479	1,224,992	21,487
Michigan	2,002,342	1,967,825	34,517
Minnesota	571,435	561,584	9,851
Mississippi	953,331	936,897	16,434
Missouri	812,339	798,336	14,003
Montana	325,000	375,000	(50,000)
Nebraska	325,000	375,000	(50,000)
Nevada	325,000	375,000	(50,000)
New Hampshire	325,000	375,000	(50,000)
New Jersey	1,626,447	1,598,409	28,038
New Mexico	384,860	378,226	6,634
New York	5,405,902	5,312,712	93,190
North Carolina	1,151,049	1,131,206	19,843
North Dakota	325,000	375,000	(50,000)
Ohio	1,705,364	1,675,966	29,398
Oklahoma	473,629	465,464	8,165
Oregon	506,679	497,945	8,734
Pennsylvania	2,458,049	2,415,676	42,373
Rhode Island	325,000	375,000	(50,000)
South Carolina	745,957	733,097	12,860
South Dakota	325,000	375,000	(50,000)
Tennessee	1,017,974	1,000,426	17,548
Texas	3,572,648	3,511,061	61,587
Utah	325,000	375,000	(50,000)

Comparison of Estimated 1991 State Administration Allocation Using Statutory State Minimum of $325,000 and a State Minimum of $375,000

	State Administration Allocation Using Statutory State Minimum of $325,000	State Administration Allocation Using $375,000 State Minimum	Gain or Loss for States Using the Statutory Minimum of $325,000
Vermont	325,000	375,000	(50,000)
Virginia	977,572	960,721	16,851
Washington	629,423	618,573	10,850
West Virginia	526,481	517,405	9,076
Wisconsin	743,969	731,144	12,825
Wyoming	325,000	375,000	(50,000)
Puerto Rico	1,786,091	1,755,302	30,789
American Samoa	50,000	50,000	0
Guam	50,000	50,000	0
Northern Marianas	50,000	50,000	0
Trust Territory	50,000	50,000	0
Virgin Islands	50,000	50,000	0

Comparison of Estimated 1991 Concentration Grant Allocation Using Statutory State Minimum of $250,000 and $340,000 State Minimum

	Concentration Grant Allocation Using Statutory State Minimum of $250,000	Concentration Grant Allocation Using $340,000 State Minimum	Gain or Loss for States Using the Statutory Minimum
National Total	$495,900,000	$495,900,000	$0
Alabama	14,322,749	14,317,465	5,284
Alaska	582,700	582,700	0
Arizona	6,747,940	6,745,451	2,489
Arkansas	7,573,728	7,570,933	2,795
California	57,933,263	57,911,888	21,375
Colorado	3,318,228	3,317,004	1,224
Connecticut	3,971,216	3,969,751	1,465
Delaware	1,278,830	1,278,358	472
District of Columbia	3,121,003	3,119,852	1,151
Florida	25,563,304	25,553,872	9,432
Georgia	15,664,631	15,658,852	5,779
Hawaii	972,563	972,563	0
Idaho	972,563	972,563	0
Illinois	23,072,355	23,063,843	8,512
Indiana	2,852,279	2,851,227	1,052
Iowa	1,520,127	1,519,529	598
Kansas	1,480,272	1,479,726	546
Kentucky	10,824,224	10,820,231	3,993
Louisiana	14,437,548	14,432,221	5,327
Maine	1,727,127	1,726,489	638
Maryland	6,707,550	6,705,076	2,474
Massachusetts	10,560,558	10,556,661	3,897
Michigan	16,933,146	16,926,899	6,247
Minnesota	3,570,795	3,569,478	1,317
Mississippi	12,575,301	12,570,661	4,640
Missouri	7,767,844	7,764,978	2,866
Montana	878,232	878,232	0
Nebraska	1,490,037	1,489,488	549
Nevada	494,335	494,335	0
New Hampshire	250,000	340,000	(90,000)
New Jersey	15,996,870	15,990,968	5,902
New Mexico	5,173,958	5,172,049	1,909
New York	58,092,265	58,070,831	21,434
North Carolina	11,257,730	11,253,577	4,153
North Dakota	904,923	904,923	0
Ohio	12,271,872	12,267,344	4,528
Oklahoma	4,480,045	4,478,392	1,653
Oregon	972,563	972,563	0
Pennsylvania	17,160,196	17,153,865	6,331
Rhode Island	1,856,405	1,855,721	684
South Carolina	8,806,034	8,802,785	3,249
South Dakota	1,499,202	1,498,649	553
Tennessee	13,276,936	13,272,038	4,898
Texas	36,585,049	36,571,551	13,498

Comparison of Estimated 1991 Concentration Grant Allocation
Using Statutory State Minimum of $250,000 and $340,000 State Minimum

	Concentration Grant Allocation Using Statutory State Minimum of $250,000	Concentration Grant Allocation Using $340,000 State Minimum	Gain or Loss for States Using the Statutory Minimum
Utah	972,563	972,563	0
Vermont	765,000	765,000	0
Virginia	9,582,765	9,579,230	3,535
Washington	3,317,781	3,316,557	1,224
West Virginia	4,779,653	4,777,889	1,764
Wisconsin	3,971,955	3,970,490	1,465
Wyoming	250,000	340,000	(90,000)
Puerto Rico	24,661,787	24,652,689	9,098

NATIONAL ASSESSMENT OF CHAPTER 1

Mr. Natcher: What is your estimate of the cost of the proposed new National Assessment of Chapter 1 which is currently being authorized at a level of $6 million. Is this too high?

Mr. Bonner: The conduct of the new Assessment will require the replication of key sub-studies of the previous Assessment as well as the integration of those results with a number of ongoing and planned studies that address the Assessment's objectives.

Specifically, the following sub-studies of the earlier Assessment will be replicated through our current and planned evaluations:

The School Survey
The Private School Student Participation Study
The Targeting Study
The Resource Allocation Study
The Program Design Study
The Whole Day Study

In addition, it will be necessary to compete contracts for the analysis of district-level data from the 1990 decennial census, and for the provision of overall technical support for the study.

In fiscal year 1985, the year contracts for the original sub-studies were awarded, the above studies and technical support cost a total of $5,729,114. For fiscal year 1991, we would estimate these costs to be approximately $6,073,000. With an additional $100,000 needed for analyzing 1990 district-level census data, the estimated cost of the National Assessment would total $6,173,000.

As indicated above, the study components will be supplemented with results from other studies, focusing on some of the Assessment components, that are already planned or underway. These studies would not add to the cost of the new Assessment.

LEGISLATIVE EARMARKS

Mr. Natcher: Insert a list of the legislative earmarks requested in the budget which are not strictly required in order to carry out the President's budget policy.

Mr. Bonner: The following earmarks cited in the appropriations language accompanying the President's 1991 budget are not strictly required:

- $4,463,100,000 available for Basic Grants under Chapter 1, section 1005; and

- $495,900,000 available for Concentration Grants under Chapter 1, section 1006.

When the amounts for these two activities are specified in report language, they should be split so that 90 percent of the total for these two activities supports Basic Grants and 10 percent supports Concentration Grants.

REVISED SUMMARY OF CHANGES

Mr. Natcher: Insert in the record at this point a revised schedule of budget authority by activity and "summary-of-changes" listing which reflects the failure to authorize Merit and Magnet Schools prior to March 1, 1990.

Mr. Bonner: The following tables present the information requested:

Compensatory Education for the Disadvantaged

Budget Authority by Activity

	1989 Appropriation	1990 Appropriation	1990 Revised	1991 Request
1. Chapter 1 Grants for the disadvantaged:				
(a) Grants to local educational agencies:				
(1) Basic grants............	$3,853,200,000	$4,373,146,000	$4,373,146,000	$4,463,100,000
(2) Concentration grants.................	172,900,000	395,112,000	395,112,000	495,900,000
Subtotal.............	4,026,100,000	4,768,258,000	4,768,258,000	4,959,000,000
(b) Capital expenses for private school children.................	19,760,000	25,682,000	25,682,000	25,682,000
(c) Even Start................	14,820,000	24,201,000	24,201,000	48,000,000
(d) State agency programs:				
(1) Migrants..............	271,700,000	282,444,000	282,444,000	293,742,000
(2) Handicapped...........	148,200,000	146,389,000	146,389,000	146,389,000
(3) Neglected and delinquent...........	31,616,000	32,791,000	32,791,000	34,103,000
Subtotal...........	451,516,000	461,624,000	461,624,000	474,234,000
(e) State administration......	40,508,000	50,176,000	50,176,000	54,000,000
(f) State program improvement grants.............	5,686,000	12,544,000	12,544,000	24,000,000

Compensatory Education for the Disadvantaged

Budget Authority by Activity -- Continued

	1989 Appropriation	1990 Appropriation	1990 Revised	1991 Request
2. Evaluation and technical assistance....................	$7,904,000	$11,853,000	$11,853,000	$15,000,000
3. Rural technical assistance centers......................	3,952,000	4,445,000	4,445,000	4,445,000
Subtotal, Chapter 1...........	4,570,246,000	5,358,783,000	5,358,783,000	5,604,361,000
4. Presidential Merit Schools......................	---	---	---	225,000,000
5. Migrant Education:				
(a) High school equivalency program............	7,410,000	$7,838,000	$7,858,000	$7,858,000
(b) College assistance migrant program..........	1,482,000	1,720,000	1,720,000	1,720,000
Subtotal.............	8,892,000	9,578,000	9,578,000	9,578,000
Total..............	4,579,138,000	5,368,361,000	5,368,361,000	5,838,939,000

Explanations of 1990 Revisions

1(a), and 4 The 1990 revised column is identical to the 1990 appropriation column because legislation authorizing the Presidential Merit Schools and Magnet Schools of Excellence programs was not enacted by March 1, 1990.

Compensatory Education for the Disadvantaged

Summary of Changes

1990 Appropriation..............................	$5,368,361,000
1991 Request....................................	5,838,939,000
Net Change............	+470,578,000

	1990 Base	Change from Base
Increases:		
Program:		
1. Grants for the disadvantaged: Basic grants to local educational agencies -- Increase reflects the Department's belief that LEA grants should continue to be the centerpiece of Federal aid to elementary and secondary education.............	$4,373,146,000	+ $89,954,000
2. Grants for the disadvantaged: Concentration grants -- Increase would improve Chapter 1's targeting of resources. Program funds flow to counties based on the concentration grant formula................	395,112,000	+100,788,000
3. Even start -- Increase reflects the importance of and benefits derived from an early childhood education program in which parents gain the literacy skills necessary to participate effectively in their children's education..	24,201,000	+23,799,000
4. State agency programs: Migrant education -- Increase is part of the Department's general policy of focusing additional resources on programs that benefit educationally disadvantaged populations................	282,444,000	+11,298,000

Compensatory Education for the Disadvantaged

Summary of Changes -- Continued

	1990 Base	Change from Base
5. State agency programs: Neglected and delinquent program -- Increase is part of the Department's general policy of focusing additional resources on programs that benefit educationally disadvantaged populations..................	$32,791,000	+$1,312,000
6. State administration -- Additional funds would help States respond to statutory requirements that they work with LEAs to develop and refine standards for program effectiveness, and provide technical help to improve program quality...	50,176,000	+3,824,000
7. State program improvement grants -- Increase would support State efforts to assist school districts in upgrading the quality of local Chapter 1 projects that do not improve academic performance..................	12,544,000	+11,456,000
8. Evaluation and technical assistance -- Increase would provide additional funding needed to continue evaluation activities authorized in P.L. 100-297 and to conduct the mandated Chapter 1 longitudinal study...........	11,853,000	+3,147,000
9. Presidential merit schools -- The 1991 request would enable the program to begin operations and provide greater incentives for school improvement..................	---	+225,000,000
Subtotal.................		+470,578,000
Net Change........		+470,578,000

ESTIMATED 1990 CHAPTER 1 STATE ALLOCATION TABLE ASSUMING NO FUNDS ARE TRANSFERRED TO THE MERIT SCHOOLS OR MAGNET SCHOOLS PROGRAMS

Mr. Natcher: Include a series of State tables showing overall allocation for Chapter 1 grants and similar tables for basic and concentration grants. Also include tables for each State agency program assuming that no funds are transferred in 1990 to Merit or Magnet schools.

Mr. Bonner: The following table provides the information requested:

FY 1990 ESTIMATED CHAPTER 1 ALLOCATION
(BASED ON THE SEQUESTER)

	BASIC GRANTS TO LEAS	CONCENTRATION GRANTS	TOTAL LEA GRANTS	CAPITAL EXPENSES	MIGRANT EDUCATION	HANDICAPPED	NEGLECTED AND DELINQUENT	STATE ADMINISTRATION
UNITED STATES	$4,373,145,999	$395,112,000	$4,768,257,999	$25,682,000	$282,444,000	$146,389,000	$32,791,000	$50,175,996
ALABAMA	$92,297,094	$11,428,078	$103,725,172	$108,555	$1,919,878	$276,863	$387,280	$943,729
ALASKA	$7,414,301	$464,271	$7,878,572	$15,866	$7,391,391	$1,808,193	$205,403	$375,000
ARIZONA	$47,228,154	$5,384,161	$52,612,315	$144,462	$7,080,720	$686,398	$648,596	$542,487
ARKANSAS	$51,610,201	$6,043,054	$57,653,255	$79,747	$4,285,242	$1,444,628	$236,470	$564,896
CALIFORNIA	$415,892,180	$46,224,772	$462,116,952	$2,867,813	$88,366,028	$1,528,753	$2,974,687	$4,947,137
COLORADO	$40,319,475	$2,647,604	$42,967,079	$92,133	$2,486,643	$2,645,918	$300,042	$430,033
CONNECTICUT	$47,304,247	$3,168,621	$50,472,868	$436,310	$2,401,196	$2,918,366	$483,195	$502,930
DELAWARE	$12,388,891	$1,020,374	$13,409,265	$81,834	$699,389	$2,171,179	$89,418	$375,000
DIST. COLUMBIA	$19,575,052	$2,490,239	$22,065,291	$78,633	$72,336	$2,663,284	$694,027	$375,000
FLORIDA	$184,157,701	$20,396,882	$204,554,583	$416,825	$24,735,526	$4,005,618	$952,396	$2,081,045
GEORGIA	$118,033,240	$12,498,761	$130,532,001	$150,725	$2,663,644	$1,301,003	$749,489	$1,200,720
HAWAII	$12,792,034	$648,375	$13,440,409	$27,556	$0	$220,664	$81,201	$375,000
IDAHO	$13,136,154	$648,375	$13,784,529	$22,685	$3,420,123	$83,352	$68,769	$375,000
ILLINOIS	$205,582,872	$18,409,361	$223,992,233	$947,634	$2,006,556	$21,961,205	$1,073,749	$2,216,873
INDIANA	$69,485,064	$2,275,825	$71,760,889	$509,237	$959,082	$4,399,480	$695,867	$694,594
IOWA	$38,394,902	$1,292,694	$39,687,596	$320,517	$94,496	$700,467	$332,092	$375,000
KANSAS	$29,477,578	$1,181,105	$30,658,683	$181,343	$3,850,137	$1,333,664	$600,876	$375,000
KENTUCKY	$77,423,822	$8,636,615	$86,060,437	$422,531	$1,981,887	$1,473,110	$519,993	$802,195
LOUISIANA	$103,245,732	$11,519,675	$114,765,407	$837,269	$3,759,923	$1,757,931	$603,843	$1,079,470
MAINE	$21,529,911	$1,378,069	$22,907,980	$92,690	$3,649,830	$624,484	$203,064	$375,000
MARYLAND	$73,744,418	$5,351,934	$79,096,352	$255,940	$419,328	$1,240,227	$1,163,649	$728,745
MASSACHUSETTS	$101,200,749	$8,426,237	$109,626,986	$949,025	$4,913,581	$10,500,463	$693,122	$1,123,446
MICHIGAN	$171,162,380	$13,510,905	$184,673,285	$530,669	$9,762,928	$7,987,229	$1,314,000	$1,811,481
MINNESOTA	$52,434,225	$2,849,127	$55,283,352	$737,899	$1,973,514	$243,123	$246,518	$518,649
MISSISSIPPI	$83,483,013	$10,033,794	$93,516,807	$277,791	$2,048,610	$374,456	$274,474	$855,707
MISSOURI	$73,821,914	$6,197,939	$80,019,853	$559,617	$843,029	$1,187,524	$367,215	$735,855

FY 1990 ESTIMATED CHAPTER 1 ALLOCATION
(BASED ON THE SEQUESTER)

	BASIC GRANTS TO LEAS	CONCENTRATION GRANTS	TOTAL LEA GRANTS	CAPITAL EXPENSES	MIGRANT EDUCATION	HANDICAPPED	NEGLECTED AND DELINQUENT	STATE ADMINISTRATION
MONTANA	$12,624,370	$585,488	$13,209,858	$37,299	$345,557	$400,697	$138,592	$375,000
NEBRASKA	$21,309,685	$1,188,896	$22,498,581	$215,998	$406,461	$146,312	$173,369	$375,000
NEVADA	$7,792,130	$393,865	$8,185,995	$15,727	$588,104	$270,941	$207,809	$375,000
NEW HAMPSHIRE	$11,165,541	$340,000	$11,505,541	$76,128	$125,721	$575,016	$92,637	$375,000
NEW JERSEY	$144,242,792	$12,763,854	$157,006,646	$1,664,796	$1,869,976	$3,891,574	$1,466,777	$1,471,225
NEW MEXICO	$32,946,388	$4,128,285	$37,074,673	$170,349	$1,279,990	$120,250	$237,642	$375,000
NEW YORK	$470,013,333	$46,351,639	$516,364,972	$5,520,047	$6,083,066	$22,204,713	$3,281,925	$4,908,122
NORTH CAROLINA	$103,087,770	$8,982,508	$112,070,278	$63,185	$2,619,064	$1,162,739	$1,361,512	$1,040,028
NORTH DAKOTA	$9,187,322	$603,282	$9,790,604	$68,334	$610,992	$310,135	$44,853	$375,000
OHIO	$156,036,426	$9,791,689	$165,828,115	$824,604	$1,439,997	$4,765,313	$1,752,410	$1,548,472
OKLAHOMA	$43,045,267	$3,574,614	$46,619,881	$49,824	$1,046,194	$401,681	$148,397	$428,030
OREGON	$37,665,132	$648,375	$38,313,507	$86,288	$8,197,323	$4,900,236	$711,712	$462,998
PENNSYLVANIA	$218,183,090	$13,692,068	$231,875,158	$3,001,142	$2,538,075	$14,237,788	$1,114,196	$2,241,571
RHODE ISLAND	$16,621,905	$1,481,220	$18,103,125	$100,623	$136,046	$587,443	$20,812	$375,000
SOUTH CAROLINA	$67,308,743	$7,026,308	$74,335,051	$41,056	$290,281	$408,383	$714,839	$672,114
SOUTH DAKOTA	$13,377,932	$1,196,209	$14,574,141	$111,339	$62,677	$210,684	$88,073	$375,000
TENNESSEE	$90,926,557	$10,593,627	$101,520,184	$64,020	$186,068	$611,527	$802,309	$915,053
TEXAS	$278,439,023	$29,191,099	$307,630,122	$698,930	$46,924,478	$5,997,474	$1,284,677	$3,215,022
UTAH	$15,740,450	$648,375	$16,388,825	$13,082	$693,910	$921,479	$161,065	$375,000
VERMONT	$10,230,671	$510,000	$10,740,671	$45,649	$813,582	$1,758,559	$157,446	$375,000
VIRGINIA	$89,963,456	$7,646,059	$97,609,515	$83,504	$402,337	$868,754	$657,897	$883,463
WASHINGTON	$50,590,235	$2,647,247	$53,237,482	$151,421	$11,928,700	$2,029,891	$1,036,573	$606,440

FY 1990 ESTIMATED CHAPTER 1 ALLOCATION
(BASED ON THE SEQUESTER)

	BASIC GRANTS TO LEAS	CONCENTRATION GRANTS	TOTAL LEA GRANTS	CAPITAL EXPENSES	MIGRANT EDUCATION	HANDICAPPED	NEGLECTED AND DELINQUENT	STATE ADMINISTRATION
WEST VIRGINIA	$39,240,781	$3,813,670	$43,054,451	$39,525	$41,442	$740,824	$199,710	$390,872
WISCONSIN	$64,954,375	$3,169,211	$68,123,586	$430,047	$814,056	$1,875,813	$635,864	$637,437
WYOMING	$5,484,220	$340,000	$5,824,220	$6,680	$282,654	$765,875	$170,114	$375,000
AMERICAN SAMOA	$2,169,270	$0	$2,169,270	$0	$0	$26,388	$0	$50,000
GUAM	$5,771,165	$0	$5,771,165	$0	$0	$155,814	$0	$50,000
NORTHERN MARIANAS	$916,795	$0	$916,795	$0	$38,963	$177,175	$0	$50,000
TRUST TERRITORY								
PALAU	$719,377	$0	$719,377	$0	$0	$0	$0	$50,000
MICRONESIA	---	---	---	---	---	---	---	---
MARSHALL ISLANDS	---	---	---	---	---	---	---	---
VIRGIN ISLANDS	$4,475,840	$0	$4,475,840	$0	$0	$77,715	$0	$50,000
BIA	$29,246,028	$0	$29,246,028	$0	$0	$0	$0	
PUERTO RICO	$156,534,626	$19,677,565	$176,212,191	$957,097	$2,848,749	$250,225	$170,355	$1,600,157
MIGRANT COORD.					$8,044,520			
EVAL. & TECH ASSIST.								
RURAL TACS								
EVEN START								

FY 1990 ESTIMATED CHAPTER 1 ALLOCATION
(BASED ON THE SEQUESTER)

	STATE PROGRAM IMPROVEMENT GRANTS	TOTAL
UNITED STATES	$12,544,004	$5,358,782,999
ALABAMA	$237,190	$107,598,667
ALASKA	$90,000	$17,764,425
ARIZONA	$136,345	$61,851,323
ARKANSAS	$141,977	$64,406,215
CALIFORNIA	$1,243,381	$564,044,751
COLORADO	$108,082	$49,029,930
CONNECTICUT	$126,403	$57,341,268
DELAWARE	$90,000	$16,916,085
DIST. COLUMBIA	$90,000	$26,038,571
FLORIDA	$523,036	$237,269,029
GEORGIA	$301,781	$136,899,363
HAWAII	$90,000	$14,234,830
IDAHO	$90,000	$17,844,458
ILLINOIS	$557,174	$252,755,424
INDIANA	$174,575	$79,193,724
IOWA	$91,685	$41,601,853
KANSAS	$90,000	$37,089,703
KENTUCKY	$201,618	$91,461,771
LOUISIANA	$271,307	$123,075,150
MAINE	$90,000	$27,943,048
MARYLAND	$183,158	$83,087,399
MASSACHUSETTS	$282,359	$128,088,982
MICHIGAN	$455,285	$206,534,877
MINNESOTA	$130,354	$59,133,409
MISSISSIPPI	$215,068	$97,562,913
MISSOURI	$184,945	$83,898,038

FY 1990 ESTIMATED CHAPTER 1 ALLOCATION
(BASED ON THE SEQUESTER)

	STATE PROGRAM IMPROVEMENT GRANTS	TOTAL
MONTANA	$90,000	$14,597,003
NEBRASKA	$90,000	$23,905,721
NEVADA	$90,000	$9,733,576
NEW HAMPSHIRE	$90,000	$12,840,043
NEW JERSEY	$369,768	$167,740,762
NEW MEXICO	$90,000	$39,347,904
NEW YORK	$1,233,575	$559,596,420
NORTH CAROLINA	$261,394	$118,578,200
NORTH DAKOTA	$90,000	$11,289,918
OHIO	$389,183	$176,548,094
OKLAHOMA	$107,578	$48,801,585
OREGON	$116,367	$52,788,431
PENNSYLVANIA	$563,381	$255,571,311
RHODE ISLAND	$90,000	$19,413,049
SOUTH CAROLINA	$168,925	$76,630,649
SOUTH DAKOTA	$90,000	$15,511,914
TENNESSEE	$229,983	$104,329,144
TEXAS	$808,043	$366,558,746
UTAH	$90,000	$18,643,361
VERMONT	$90,000	$13,980,907
VIRGINIA	$222,044	$100,727,514
WASHINGTON	$152,419	$69,142,926

FY 1990 ESTIMATED CHAPTER 1 ALLOCATION
(BASED ON THE SEQUESTER)

	STATE PROGRAM IMPROVEMENT GRANTS	TOTAL
WEST VIRGINIA	$98,239	$44,565,063
WISCONSIN	$160,209	$72,677,012
WYOMING	$90,000	$7,514,543
AMERICAN SAMOA	$15,000	$2,260,658
GUAM	$15,000	$5,991,979
NORTHERN MARIANAS	$15,000	$1,197,933
TRUST TERRITORY		
PALAU	$15,000	$784,377
MICRONESIA	---	---
MARSHALL ISLANDS	---	---
VIRGIN ISLANDS	$15,000	$4,618,555
BIA		$29,246,028
PUERTO RICO	$402,173	$182,440,947
MIGRANT COORD.		$8,044,520
EVAL. & TECH ASSIST.		$11,853,000
RURAL TACS		$4,445,000
EVEN START		$24,201,000

DESCRIPTION OF CHAPTER 1 ALLOCATION FORMULAS

Mr. Natcher: Insert in the record at this point a short description for allocating funds for Chapter 1 programs under the basic law with a series of mathematical formulas which could be used to distribute compensatory education dollars.

Mr. Bonner: The following outlines the formulas used in allocation of Chapter 1 funds:

Basic Grants to LEAs Allocation Formula (Chapter 1, section 1005)

Under the statute, one percent of the amount available to the States for Basic Grants under Section 1005 is set aside for the Outlying Areas and the Bureau of Indian Affairs. The remaining amount is distributed to the counties based on: (1) the number of formula eligible children (who are children from low-income families, children in foster homes, children in locally operated institutions for the neglected and delinquent, and children in families who receive Aid to Families with Dependent Children (AFDC) payments but are above the current census poverty level); and (2) 40% of the State's per-pupil expenditure (SPPE) for education.* The figures from (1) and (2) for each county are multiplied to determine each the entitlement. That figure is then ratably reduced to the amount appropriated for Basic Grants to LEAs subject to the "hold harmless" requirements of 85% of the previous year's allocation. States then make sub-county allocations to individual school districts based on the latest available data on low-income children.

Mathematically the formula looks like this:

Step 1 (Number of formula eligible children in each
county) X
(40% of individual county's SPPE for
education)* =
(Individual county entitlement)

Step 2 (Individual county entitlement determined in
Step 1)/
(National entitlements for all counties
across the country) X
(The amount appropriated) =
(Allocation for individual county)

Step 3 Compare county figure reached in Step 2 with the amount received in the previous year. In no case can a county receive less than 85% of the amount received in the previous year. County allocations are then ratably reduced for counties above the 85% level in order to bring all counties up to the 85% "hold harmless" level.

* While the cost factor is 40% of a State's SPPE for education, no State's SPPE may exceed 120% nor fall below 80% OF 40% of the national average per-pupil expenditure.

Concentration Grants Allocation Formula (Chapter 1, section 1006)

Concentration Grants are allocated to counties with at least 6,500 formula-eligible children or in which such children make up at least 15% of the school-age population. County entitlements are based on the product of (1) the number of formula children in excess of 6,500 if the county qualifies only on the basis of the 6,500 child threshold, or all formula children if such children are at least 15% of a county's total school-aged population and (2) the current year's Basic Grant entitlement divided by the previous year's number of Basic Grant formula-eligible children. That amount is ratably reduced to the amount appropriated for Concentration Grants.

Mathematically the formula looks like this:

Step 1 (Number of formula-eligible children in counties that qualify for Concentration Grants) X
(Current year's Basic Grant entitlement for each county qualifying for Concentration Grants) /
(Previous year's number of Basic Grant formula-eligible children in each county qualifying for Concentration Grants) =
(Individual county entitlement)

Step 2 (Individual county entitlement determined in Step 1) /
National entitlement, the sum of the entitlements for all counties across the country) X
(The amount appropriated for Concentration Grants) =
(Allocation for individual county)

The statute also establishes a minimum that each State is entitled to receive. The minimum is the lesser of (1) .25% of the amount appropriated for Concentration Grants; (2) 150% of the State's previous year's Concentration Grant allocation; or (3) 150% of the national average per pupil payment (NAPP) multiplied by the national total of concentration grant formula children in the State for the previous year. (The NAPP is determined by dividing the Concentration Grant appropriation by the national total of Concentration Grant formula children.) In no case, however, may a State receive less than $250,000.

Capital Expenses for Private School Children Allocation Formula (Chapter 1, Section 1017(d))

Funds are allocated to States based on their proportion of non-public school students served under the Chapter 1 Basic Grants program in the school year 1984-85.

Mathematically the formula looks like this:

> (The number of private school children in each State served by Chapter 1 in the 1984-85 school year) /
> (The total number private school children nationally served by Chapter 1 in the 1984-85 school year) X
> (The amount appropriated for this program) =
> (Allocation for individual State)

State Agency Programs Allocation Formula (Chapter 1, Part D, Subparts 1, 2, and 3)

Funds are allocated to the States based on the number of students eligible for the program and 40% of an individual State's SPPE for education. These two figures are multiplied to determine each State's entitlement. A State's entitlement is ratably reduced to the amount appropriated.

Mathematically the formula looks like this:

Step 1 (Number of eligible children in each State) X
(40% of individual State's SPPE for education)* =
(Individual State entitlement)

Step 2 (Individual State entitlement determined in Step 1) /
(National entitlement, the sum of the entitlements for all States nationally) X
(The amount appropriated) =
(Allocation for individual State)

* While the cost factor is 40% of a State's SPPE for education, no State's SPPE may exceed 120% nor fall below 80% of 40% of the national average per-pupil expenditure

State Administration Grants Allocation Formula (Chapter 1, Section 1404)

The authorizing statute provides that each State shall receive 1% of the amount allocated for its Part A (LEA Grants) and Part D (State Agency Grants) Chapter 1 programs, with no State receiving less than $325,000, or $50,000 in the case of the Outlying Areas. When appropriations are insufficient to fund the program at this level, funds are allocated to States on the basis of their Parts A and D allocations, subject to the State and territorial minimums.

State Program Improvement Grants Allocation Formula
(Chapter 1, Section 1405)

The authorizing statute provides that each State shall receive .25 percent of the amount allocated for its Part A (LEA Grants) and Part D (State Agency Grants) Chapter 1 programs, with no State receiving less than $90,000, or $15,000 in the case of the Outlying Areas. When appropriations are insufficient to fund the program at this level, funds are allocated to States on the basis of their Parts A and D allocations, subject to the State and territorial minimums.

LONGITUDINAL STUDY

Mr. Stokes: In the fiscal year 1990 House Appropriations Report, the Committee expressed its concern over the projected cost of the Chapter 1 Longitudinal study and asked the Department to review its plans to determine whether its goals could be met at a lower cost. What is the status of your effort in this regard?

Mr. Bonner: The report on the cost of the National Longitudinal study of Chapter 1 was sent to the Committee on Appropriations on January 31, 1990.

Mr. Stokes: What are you requesting for this study in fiscal year 1991?

Mr. Bonner: By factoring out the Best Practices study, which was originally a component of the longitudinal study but will now be funded separately, approximately $4.3 million of the amount requested for Chapter 1 Evaluations and Technical Assistance would support the third year of the longitudinal study.

FLEXIBILITY FOR CHAPTER 1

Mr. Stokes: The Secretary has made flexibility in education a focus for legislative initiatives within the Department. As you know, this issue was addressed for compensatory education programs in the Education Consolidation and Improvement Act Amendments in 1983. Would the Chapter 1 program be a target of the flexibility initiatives now being considered by the Department?

Mr. Bonner: As a result of the education summit held with the Nation's governors last fall in Charlottesville, Virginia, the President and the National Governors' Association are examining legal and structural impediments to providing quality education in this country and the need for providing States and localities with more flexibility in the use of Federal education funds. Based on this examination, the Secretary will consider legislative, regulatory, or administrative initiatives that would add flexibility to the way Chapter 1 and other Department programs operate.

PRESIDENTIAL MERIT SCHOOLS

Mr. Dwyer: The President's budget requests $225 million for the Presidential Merit Schools program for fiscal year 1990, in addition to a $175 million transfer of Chapter 1 funds appropriated in fiscal year 1990 to Merit Schools. In light of the absence of an authorization, why should this committee provide the program with an increase of that magnitude?

Mr. Bonner: Our 1991 request assumed enactment of legislation authorizing the Presidential Merit School program by March 1, 1990. We fully expect final enactment of this legislation in 1990.

Our requested $100 million increase for this program in 1991 is central to the President's campaign to raise academic achievement nationally by strengthening accountability and providing financial incentives for educational success. In order to bring about improvements in education nationally, we firmly believe that:

1. Achievable standards of excellence can and should be set for all students and all schools:

2. Financial incentives can spur schools to rise to the challenge of meeting these standards; and

3. Demonstrated school-wide progress in achieving excellence deserves recognition.

This program would also help the Nation to attain the goals, established by the President and the Governors, of:

1. Increasing the high school graduation rate;

2. Enabling American students to leave grades four, eight, and twelve with a demonstrated competency over challenging subject matter; and

3. Ensuring that American schools are free of drugs and violence and offer a disciplined environment conducive to learning.

EFFECT ON STUDENT ACHIEVEMENT

Mr. Dwyer: According to your budget justification, Chapter 1 appears to have an immediate positive effect on student achievement, but "participating students did not improve enough academically to eliminate their need for special assistance in later years." Despite these data, the Department's request would only serve 980,000 students in grades 7-12. In light of this apparent contradiction, how does the Department intend to meet the continuing needs of Chapter 1 students? What barriers continue to provide Chapter 1 participants with such short-term benefits; and how can Chapter 1 be changed to alleviate this problem?

Mr. Bonner: I would first note that local school districts develop and implement their own Chapter 1 programs to meet the needs of their educationally disadvantaged children. In designing their Chapter 1 programs, school districts assess student needs and focus Chapter 1 resources on services at the appropriate grade levels. Local school districts do in fact devote a substantial part of their Chapter 1 resources to serving students in secondary schools. Based on 1987-88 data (the last year for which actual data are available), school districts served slightly over one million students in grades 7 through 12 (22 percent of the total served). In funding terms this meant that roughly $882.9 million of the fiscal year 1989 Chapter 1 LEA Grant appropriation supported compensatory education programs for secondary school students.

In terms of the barriers that prevent Chapter 1 students from receiving long-term benefits from the program, it must be remembered that Chapter 1 services make up only a portion of the total instructional services that a child receives during the school day. Chapter 1 services are designed to supplement the regular instruction that a child is already receiving from the school. The lack of sustained benefits for children served by Chapter 1 is as much a function of the general quality of educational services they receive from the school as it is of the quality of specific Chapter 1 services they receive.

To help meet the continuing needs of Chapter 1 students in the longer run, we would first advocate giving greater emphasis to early intervention with compensatory education services. This would, we believe, alleviate or at least reduce the need for compensatory education in later years and address in part the problem of the program providing only short-term benefits. Our 1991 request for Even Start, which provides early remedial help to children under age 7 and their parents, supports our emphasis on early childhood intervention. That request is almost double last year's level.

A second area that we would emphasize to address the problem of Chapter 1 providing only short-term benefits would be our continued focus on program improvement and accountability. The Hawkins-Stafford amendments established, for the first time, rigorous standards for program accountability and authorized funds for States to help local school districts in their program improvement efforts. We have requested a substantial increase in 1991 for State Program Improvement Grants to help States provide educational services to school districts implementing program improvement plans and believe this effort will help bring about more long-term benefits to students participating in the program.

At the same time we would continue to maintain current levels of technical assistance to help States and localities take advantage of proven educational approaches to compensatory education instruction. ED-sponsored activities carried out by the Chapter 1 Technical Assistance Centers and Rural Technical Assistance Centers have helped State and local education personnel in improving program quality and sustaining program benefits already derived.

EFFECT OF EDUCATION REFORM AT THE STATE LEVEL ON CHAPTER 1 STUDENTS

Mr. Dwyer: Across the country, States and localities are examining their curricula and finding them lacking. Consequently, graduation requirements have been raised and higher standards set. While this is certainly a laudable effort, which we must encourage, I am interested to learn if Chapter 1 secondary students are keeping up with these changes. If not, what efforts are being undertaken to prepare Chapter 1 students to meet these more demanding requirements? In addition, has there been a proportional increase in drop-outs with the introduction of more rigorous standards?

Mr. Bonner: It appears that Chapter 1 secondary students are not being hurt by rising academic standards resulting from the education reform movement. A recent study entitled "The Progress of Reform, An Appraisal of State Education Initiatives," released in 1989 by the Center for Policy Research in Education indicates that while many believe that higher standards will push at-risk students out of schools, the authors "..have not seen evidence that tougher standards cause higher dropout rates. In fact some studies find evidence to the contrary...."

NUMBER OF ELIGIBLE STUDENTS SERVED

Mr. Dwyer: The Department estimates that Chapter 1 served over 4.92 million elementary and secondary school students, or roughly 10 percent of the student population. How many eligible students remain unserved by Chapter 1?

Mr. Bonner: We have no precise data on the number of children eligible for Chapter 1 services. Chapter 1 is designed to serve children who are educationally disadvantaged and reside in low-income areas. School districts ultimately determine who is educationally disadvantaged. The student selection process is based on an assessment of needs that is conducted by each local educational agency. Because the selection criteria vary from district to district, the number of eligible children also varies.

Depending on the estimation method used, between 45 and 62 percent of the children who score below the 35th percentile in standardized tests are served by Chapter 1. Additional children are served through State-and locally-funded compensatory education programs.

Mr. Dwyer: How much additional funding would be needed to serve these children?

Mr. Bonner: Because of the lack of precision on the exact number of children eligible for Chapter 1 services, it is impossible to provide a figure on how much additional funding would be required to serve all eligible children.

Mr. Dwyer: In addition, would you please provide the Committee with the ratio of served to unserved students over the past 5 fiscal years?

Mr. Bonner: Again, because there are no precise data on the number of children eligible for Chapter 1, it is impossible to provide a ratio of the number of students served to the number eligible. The following table provides figures on the number served for the last 5 years for which actual data exist.

Year	Number of Children Served
1983-84	4,572,635
1984-85	4,712,709
1985-86	4,739,870
1986-87	4,725,970
1987-88	4,943,729

REQUEST FOR THE CHAPTER 1 HANDICAPPED AND NEGLECTED AND DELINQUENT PROGRAMS

Mr. Dwyer: Despite the Department's contention that Chapter 1 funds are being targeted to those students most truly in need, once again handicapped and neglected were either level funded or receive nominal increases before inflation. Why haven't these groups of children, which can truly be described as needy, been targeted for increases in fiscal year 1991?

Mr. Bonner: Our proposal to level fund the Chapter 1 Handicapped program was based on two factors:

1. A study completed by the Government Accounting Office (GAO) in 1989 indicated that the Chapter 1 and the Education of the Handicapped Act (EHA) State Grant program, although originally created at different times and for different purposes, are now similar administratively. Both programs serve students of similar ages and with similar kinds of handicapping conditions, use program funds to supplement State and local services, count children for funding allocation purposes on the same day each year, and are concurrently monitored at the Federal level.

2. Growth for the EHA program has been significantly higher than it has been for Chapter 1. The number of handicapped students served by the EHA grew by about 102,000 between 1988 and 1989 while the number of students served by Chapter 1 increased by about 4,700 between 1988 and 1989. This trend indicates the continued commitment of States to serve most children with handicaps through LEA programs under the EHA rather than through the State-supported or operated programs under Chapter 1 even through the Federal share per child is greater under Chapter 1. In recognition of this fact, we have requested an additional $72.5 million for the EHA State grant programs while proposing to level fund the Chapter 1 Handicapped program.

Our proposed $1.3 million increase for the Neglected and Delinquent program is consistent with our general policy of focusing available resources on programs that serve a needy population. We believe that our 1991 request adequately addresses the needs of this special population.

CHAPTER 1 SCHOOLWIDE PROJECTS

Mr. Hoyer: Like many local systems, the Prince George's County schools work hard to address issues of educational equity. There is great effort made to equalize potential education benefits across the entire system. Is the 75 percent poverty rate requirement for participation in schoolwide programs an absolute limit on the ability of schools which have dispersed their student population under desegregation plans?

Mr. Bonner: The 75 percent poverty rate requirement is set in the law. In a case of a district that has a desegregation plan in which students attend schools outside the attendance areas in which they reside, an LEA bases the poverty rate on enrollment figures of the school to which children are transported as a result of the desegregation plan in order to determine whether that school qualifies for a schoolwide program.

EVEN START

Mr. Hoyer: What are the parallels, if any, in the way the Head Start program seeks to involve parents in the education of their children?

Mr. Bonner: There are a number of parallels in the parental involvement components of Head Start and Even Start. Both programs focus on the parent as the child's first teacher. Both provide home- or center-based activities. In Even Start the involvement of parents in the program is a requirement. In Head Start the parenting component is voluntary. Both programs assist parents with job training and educational training. Even Start, however, requires that parents involved in the program must be eligible for adult basic education in accordance with the Adult Education Act. Both programs provide referrals for parents and their children to a number of community agencies for services.

CHAPTER 1 STAFFING

Mr. Hoyer: The Prince George's County Chapter 1 program staff includes one home/school teacher, 56 resource teachers, and 152 instructional aides serving 8,039 students in 66 schools. Are these ratios of teachers to students and aides to teacher reflective of Chapter 1 programs nationally?

Mr. Bonner: In the 1986-87 school year 65,773 teachers and 55,817 aides served a national total of 4,732,986 students in Chapter 1.

Based on the national survey of principals conducted as part of the National Assessment (1987), 75 percent of Chapter 1 teachers provided instruction to groups of eight students or less.

According to Prince George's County school officials, each Chapter 1 teacher works with about 55 children daily, in groups of 3 to 5 children. The average size is about 10 per group. There is one Chapter 1 aide for 3 to 5 regular teachers. Thus each aide works with an average of 6 children at a time.

EDUCATIONAL AIDES

Mr. Hoyer: What level of education have these aides attained, and what type of training do these aides receive?

Mr. Bonner: Each year in Prince George's County there is one week of orientation training for the aides, plus an average of 5 more days. Most training deals with the teaching of reading or mathematics. In addition, teachers who specialize in reading and mathematics assist the aides on the job.

For several years the minimum requirement has been a high school diploma. According to Prince George's County school officials, of the total of 197 aides employed (some only part-time), 96 have only a high school diploma; 31 have at least 30 college hours; 22 have at least 60 college hours; and 45 have more than 90 college hours or a college degree. Three, hired before the minimum rule, have no high school diploma.

CHAPTER 1 ELIGIBILITY STANDARDS

Mr. Hoyer: How are eligibility standards determined in local education agencies, and can you explain whether the differences in Chapter 1 and non-Chapter 1 eligible students are more arbitrary than real?

Mr. Bonner: Standards for the selection of participants are determined by each LEA on the basis of an annual needs assessment. The needs assessment process identifies educationally deprived children in all eligible attendance areas. From the identified educationally deprived children, the LEA selects those who have the greatest need for special assistance. The selection process generally works well within individual LEAs since the standards are locally established and reflect the characteristics of the children in that school district, and the children selected for services are those most in need of the special assistance provided by Chapter 1.

SCHOOL IMPROVEMENT

Mr. Hoyer: How much more is included in this budget for helping school systems plan and implement program improvements apart from increased data collection and more general information sharing?

Mr. Bonner: For Grants to Local Educational Agencies, the 1991 request provides an 8 percent ($365,742,000) increase. This increase may not only be used to provide additional services and to serve additional children but to carry out new responsibilities under Chapter 1, including the program improvement requirements.

In addition, the 1991 request includes an $11,456,000 (91 percent) increase over the 1990 appropriation for State Program Improvement grants. These funds will be used for direct educational services in schools implementing program improvement plans.

STATE PROGRAM IMPROVEMENT GRANTS

Mr. Conte: How are States using their Chapter 1 program improvement grants that were first provided in fiscal year 1989?

Mr. Bonner: School year 1989-90 is the first year of operation for Chapter 1 School Improvement Grants. Thus no information about the exact uses of these funds is available at this time. However, it is anticipated that the most common uses of Chapter 1 Program Improvement funds will be: conducting workshops with evaluation and program improvement experts; consulting with developers of exemplary or promising educational practices; training or retraining local school district personnel who work with Chapter 1; and developing innovative program strategies.

Mr. Conte: How will State program improvement activities be clearly distinguished from State Administration and Evaluation activities?

Mr. Bonner: Funds provided for Chapter 1 State Program Improvement Grants, as opposed to those provided for State Administration, can only be used for direct educational services in schools implementing program improvement plans. Parents of participating children and staff from the individual school, the local educational agency, and the State educational agency must jointly agree on who will provide technical assistance and on how best to use these funds in the effective implementation of the program improvement plan. Separate accounting of these funds is required, and documentation must be maintained to show that these funds are used in accordance with the statute.

PLANS TO UPDATE POVERTY DATA FROM THE 1990 CENSUS

Mr. Conte: The Chapter 1 programs are dependent on Census data on the number of school-age children in poor families for the allocation of funds. Adequate Census data have never been available for Chapter 1 allocations at the local educational agency level, nor have county or even State Census data been available more frequently than every 10 years. Will accurate local educational agency level data be available from the 1990 census? Are there plans to update data on children from poor families between 1990 and the next census in 2000.

Mr. Bonner: The National Center for Education Statistics, is contracting with the Bureau of the Census to obtain 1990 census data for local educational agencies. This work is well underway. The mapping of all public school districts will be completed at the State level and will be sent to the Census Bureau within six months to be merged with county data. It is expected that the entire project will be completed in 1992.

We are not aware of any plans that the Bureau of Census has to provide census updates between 1990 and 2000 on children from poor families. In any event, the Department would need a change in the authorizing legislation to permit us to use any data sources other than the data provided by the most recent decennial census.

CHAPTER 1 HANDICAPPED PROGRAM

Mr. Porter: In the past we have discussed the duplicative regulatory and administrative structures created by the Chapter 1 Handicapped program and the Education of the Handicapped Act (EHA). Although these program share a fundamentally similar mission, States may not commingle funds from the two programs. Nor are they coordinated in any other way. What remedy would you suggest?

Mr. Bonner: The Hawkins-Stafford Elementary and Secondary School Improvement Amendments of 1988 (Public Law 100-297) strengthened the coordination between the Chapter 1 Handicapped program (Chapter 1) and the EHA. For example, States now serve children through age 21 under Chapter 1; the Chapter 1 child count data must conform to the data requirements of EHA and be reported on the same date as the EHA data; children (other than infants and toddlers) served under Chapter 1 must receive a free appropriate public education, as required by the EHA, and they and their parents must be provided all the rights and procedural safeguards required under Part B of the EHA; infants and toddlers served under Chapter 1 and their families must be provided the rights and procedural safeguards required under Part H of the EHA; and by fiscal year 1991, the Chapter 1 program must be administered by the State office responsible for Part B of the EHA. The existence of two programs for handicapped children, however, necessitates separate financial structures and inevitably results in some administrative duplication. To remedy this situation, we believe that, as the General Accounting Office has recently recommended, the Chapter 1 program should be merged with the EHA program.

CHAPTER 1 PROGRAM IN CHICAGO

Mr. Porter: The Chicago Public School system has recently undergone a radical change in its administrative structure. Schools are now governed by semi-autonomous, locally elected school boards which have real power over the administration of the individual schools. What implications do these changes have for the effectiveness of Chapter 1 in Chicago?

Mr. Bonner: In some ways, this structure will coincide with the new program improvement provisions created in Chapter 1 because program improvement is targeted on individual schools. Consequently, these school improvment provisions should complement the reform efforts taking place in Chicago.

Other administrative activities, such as the allocation of funds to schools, will continue to be carried out by the local educational agency. The Chicago Public School system will have to work out arrangements to fit these requirements to the new administrative structure.

EVEN START

Mr. Porter: You are requesting an appropriation for Even Start that is double last year's. In order for Even Start programs to be successful, they must be well publicized and well coordinated with other local education programs. Outreach is arguably the most important aspect of this program. Have grantees generally demonstrated competence in these areas of program administration?

Mr. Bonner: Yes. Although Even Start projects are just beginning (and we have no data on the success of outreach efforts), a key component in each Even Start project is its ability to cooperate and coordinate with existing services and resources in the community. Thus, services to the children and their parents may be provided in schools, in extended school day settings, in libraries, Head Start centers, Chapter 1 centers, or Follow Through centers. In a number of instances, local college students work with the children and their parents. The adult literacy component is often coordinated with similar programs already active in the community, such as Literacy Volunteers of America, community colleges, Job Training Partnership programs, literacy councils, and private industry councils.

JUSTIFICATION OF THE BUDGET ESTIMATES

DEPARTMENT OF EDUCATION

Compensatory Education for the Disadvantaged

Fiscal Year 1991 Budget Request .... Page No.

Appropriation language A-1

Explanation of language changes A-2

Language analysis A-3

Amounts available for obligation A-6

Budget authority by activity A-7

Budget authority by object A-9

Summary of changes A-10

Authorizing legislation A-12

Table of estimates and appropriations A-14

Significant items in congressional appropriations reports A-15

Justification:

  Account summary A-16

  Activities:
    1. Grants for the disadvantaged:
      a. Grants to local educational agencies:
        (1) Basic grants A-20
        (2) Concentration grants A-25
      b. Capital expenses for private school children A-27
      c. Even start A-29
      d. State agency programs:
        (1) Migrant education A-32
        (2) Handicapped A-36
        (3) Neglected and delinquent A-39
      e. State administration A-42
      f. State program improvement grants A-44
    2. Evaluation and technical assistance A-46
    3. Rural technical assistance centers A-52
    4. Presidential merit schools A-54
    5. Migrant education A-56

State Tables A-60

COMPENSATORY EDUCATION FOR THE DISADVANTAGED

For carrying out the activities authorized by chapter 1 of title I of the Elementary and Secondary Education Act of 1965, as amended, [and by section 418A of the Higher Education Act, $5,434,777,000, of which $5,408,581,000] $5,604,361,000, of which $15,000,000 for purposes of sections 1437 and 1463 and $4,445,000 for subpart 3 of part F, shall become available on October 1, 1990 and remain available until September 30, 1991; and the remaining $5,584,916,000 shall become available on July 1, [1990] 1991 and shall remain available until September 30, [1991] 1992: Provided, That [$4,427,250,000] $4,463,100,000 shall be available for basic grants under section 1005, [$400,000,000] $495,900,000 shall be available for concentration grants under section 1006, [$285,938,000] $293,742,000 shall be available for migrant education activities under subpart 1 of part D, [$148,200,000] $146,389,000 shall be available for handicapped education activities under subpart 2 of part D, and [$33,197,000] $34,103,000 shall be available for delinquent and neglected education activities under subpart 3 of part D, [$50,797,000] $54,000,000 shall be for section 1404, and [$12,699,000] $24,000,000 shall be for section 1405[: Provided further, That no State shall receive less than $340,000 from the amounts made available under this appropriation for concentration grants under section 1006: Provided further, That no State shall receive less than $375,000 from the amounts made available under this appropriation for State administration grants under section 1404: Provided further, That funds made available under sections 1437 and 1463 may be expended by the Secretary at any time, provided that notices of proposed rules for all currently operating programs authorized under chapter 1 have been published]. 1/

Compensatory Education for the Disadvantaged

[From the amounts appropriated for part A of chapter 1, an amount not to exceed $125,000,000 may be obligated to carry out a new Merit Schools program and an amount not to exceed $50,000,000 may be obligated to carry out a new Magnet Schools of Excellence program only if such programs are specifically authorized in law prior to March 1, 1990.] 2/

For carrying out a program of Presidential merit schools, $225,000,000, which shall become available on July 1, 1991, and remain available until September 30, 1992: Provided, That these funds are not available until specifically authorized. 3/

For carrying out activities authorized by section 418A of the Higher Education Act, $9,578,000. 4/ (Department of Education Appropriations Act, 1990.)

Explanation of Language Changes

1/ Special appropriation language establishing higher State minimums for Concentration Grants and State Administration is deleted, thus allowing the existing statutory minimums established by Congress in the authorizing statute to take effect. Language enabling the Department to expend funds for Chapter 1 evaluation and technical assistance only after proposed regulations for all currently operating Chapter 1 programs have been published is deleted because all proposed regulations have been published and final regulations for all funded Chapter 1 programs are expected to be published by October 1, 1990.

2/ This language is deleted becuase the Department is requesting funds for only the Presidential Merit Schools program in 1991 under this account.

3/ This language is needed to appropriate funds for the new Presidential Merit Schools program contingent upon enactment of authorizing legislation pending before Congress.

4/ This language is added to specify the amount for the High School Equivalency and College Assistance Migrant programs.

Compensatory Education for the Disadvantaged

Language Analysis

Language Provision	Explanation
For carrying out the activities authorized by chapter 1 of title I of the Elementary and Secondary Education Act of 1965, as amended, [and by section 418A of the Higher Education Act, $5,434,777,000 of which $5,408,581,000] $5,604,361,000, of which $15,000,000 for purposes of sections 1437 and 1463 and $4,445,000 for subpart 3 of part F, shall become available on October 1, 1990 and remain available until September 30, 1991; and the remaining $5,584,916,000 shall become available on July 1, [1990] 1991 and shall remain available until September 30, [1991] 1992:	This language establishes a total funding level of $5,604,361,000 for programs authorized by Chapter 1 of Title I of the Elementary and Secondary Education Act of 1965. It also sets aside $15,000,000 for program evaluation, studies, and technical assistance activities authorized by sections 1437 and 1463, and $4,445,000 for rural technical assistance activities authorized under subpart 3 of part F. Funds appropriated for activities authorized by sections 1437 and 1463 and by subpart 3 of part F would become available on October 1, 1990, or immediately upon enactment of the fiscal year 1991 appropriation. Funds for the remaining activities appropriated under Chapter 1 would become available on July 1, 1991, and remain available through September 30, 1992.
Provided, That [$4,427,250,000] $4,463,100,000 shall be available for basic grants under section 1005, [$400,000,000] $495,900,000 shall be available for concentration grants under section 1006, [$285,938,000] $293,742,000 shall be available for migrant education activities under subpart 1 of part D, [$148,200,000] $146,389,000 shall be available for handicapped education activities under subpart 2 of part D, and [$33,197,000] $34,103,000 shall be available for delinquent and neglected education activities under subpart 3 of part D, [$50,797,000] $54,000,000 shall be for section 1404, and [$12,699,000] $24,000,000 shall be for section 1405	This language establishes specific funding levels in fiscal year 1991 for the Chapter 1 Basic Grants to Local Educational Agencies (LEAs), Concentration Grants, the State Agency Migrant, Handicapped, and Neglected and Delinquent programs, State Administration, and State Program Improvement Grants. Funds made available for Grants to LEAs would be divided between Basic Grants and Concentration Grants as provided in the authorizing statute. That is, 10 percent of Part A funding would be distributed under the Concentration Grant formula.

Compensatory Education for the Disadvantaged

Language Analysis — Continued

Language Provision	Explanation
[: Provided further, That no State shall receive less than $340,000 from the amounts made available under this appropriation for concentration grants under section 1006:]	Language modifying the statutory minimum that each State receives under Chapter 1 Concentration Grants is eliminated. Thus, as set by the statute, each State would receive at least $250,000.
[Provided further, That no State shall receive less than $375,000 from the amounts made available under this appropriaton for State administration grants under section 1404:]	Languaging modifying the statutory minimum that each State receives under Chapter 1 State Administration is eliminated. Thus each State would receive the statutory minimum of $325,000.
[Provided further, That funds made available under sections 1437 and 1463 may be expended by the Secretary at any time, provided that notices of proposed rules for all currently operating programs under chapter 1 have been published].	This language is eliminated because proposed rules for all operating Chapter 1 programs have been published. All final rules are expected to be published by the beginning of fiscal year 1991.
[From the amounts appropriated for part A of chapter 1, an amount not to exceed $125,000,000 may be obligated to carry a new Merit Schools program and an amount not to exceed $50,000,000 may be obligated to carry out a new Magnet Schools of Excellence program only if such programs are specifically authorized in law prior to March 1, 1990.]	This language is eliminated because the Department is requesting funds for only the Merit Schools program in 1991 under this account.
For carrying out a new program of Presidential merit schools, $225,000,000, which shall become available on July 1, 1991, and remain available until September 30, 1992: Provided, That these funds are not available until specifically authorized.	This language establishes a funding level of $225,000,000 for the Presidential Merit Schools program and makes funding contingent upon enactment of a specific authorization. It also provides for forward-funding of this new program.

Compensatory Education for the Disadvantaged

Language Analysis — Continued

Language Provision	Explanation
For carrying out activities authorized by section 418A of the Higher Education Act, $9,578,000.	This language establishes a specific funding level for the High School Equivalency and College Assistance Migrant programs.

Compensatory Education for the Disadvantaged

Amounts Available for Obligation

	1989	1990	1991
Appropriation:			
Annual.................	$4,579,138,000	$5,434,777,000	$5,838,939,000
Sequester.............	—	-66,416,000	—
Subtotal, adjusted appropriation.....	4,579,138,000	5,368,361,000	5,838,939,000
Comparative transfer to: School Improvement for: Magnet schools of excellence	—	-50,000,000	—
Subtotal, adjusted budget authority..	4,579,138,000	5,318,361,000	5,838,939,000
Recovery of prior year obligations..............	2,073,000	—	—
Unobligated balance, start of year............	12,161,000	4,210,000	—
Unobligated balance, end of year..............	-4,210,000	—	—
Unobligated balance lapsing..................	-317,000	—	—
Total obligations..	4,588,845,000 1/	5,322,571,000	5,838,939,000

1/ Excludes reimbursable amounts of $11,599,000 in fiscal year 1989 for activities financed in Compensatory Education for the Disadvantaged.

Compensatory Education for the Disadvantaged

Budget Authority by Activity

	1989 Appropriation	1990 Appropriation	1990 Revised	1991 Request
1. Grants for the disadvantaged:				
(a) Grants to LEAs:				
(1) Basic State grants...........	$3,853,200,000	$4,373,146,000	$4,212,647,000	$4,463,100,000
(2) Concentration grants.........	172,900,000	395,112,000	380,611,000	495,900,000
Subtotal..............	4,026,100,000	4,768,258,000	4,593,258,000	4,959,000,000
(b) Capital expenses for private school children.................	19,760,000	25,682,000	25,682,000	25,682,000
(c) Even start......................	14,820,000	24,201,000	24,201,000	48,000,000
(d) State agency programs:				
(1) Migrant......................	271,700,000	282,444,000	282,444,000	293,742,000
(2) Handicapped..................	148,200,000	146,389,000	146,389,000	146,389,000
(3) Neglected and delinquent.....	31,616,000	32,791,000	32,791,000	34,103,000
Subtotal..................	451,516,000	461,624,000	461,624,000	474,234,000
(e) State administration.............	40,516,000	50,176,000	50,176,000	54,000,000
(f) State program improvement grants.	5,686,000	12,544,000	12,544,000	24,000,000
2. Evaluation and technical assistance..	7,904,000	11,853,000	11,853,000	15,000,000
3. Rural technical assistance centers...	3,952,000	4,445,000	4,445,000	4,445,000
Subtotal, Chapter 1........	4,570,246,000	5,358,783,000	5,183,783,000	5,604,361,000
4. Presidential merit schools...........	—	(125,000,000)	125,000,000	225,000,000
5. Magnet schools of excellence.........	—	(50,000,000)	—	—

Compensatory Education for the Disadvantaged

Budget Authority by Activity -- Continued

	1989 Appropriation	1990 Appropriation	1990 Revised	1991 Request
6. Migrant education:				
(a) High school equivalency program..	$7,410,000	$7,858,000	$7,858,000	$7,858,000
(b) College assistance migrant program........................	1,482,000	1,720,000	1,720,000	1,720,000
Subtotal..................	8,892,000	9,578,000	9,578,000	9,578,000
Total..................	4,579,138,000	5,368,361,000	5,318,361,000	5,838,939,000

NOTE—Amounts in the 1990 appropriation column are the actual appropriations to this account. All other columns are comparable to 1991.

Explanations of 1990 Revisions

1(a), 4, 5. Reflects a transfer of $175,000,000 that will be made from Chapter 1 Grants to LEAs to Presidential Merit Schools ($125,000,000) and Magnet Schools of Excellence ($50,000,000) upon enactment of authorizing legislation by March 1, 1990. Fiscal year 1990 and 1991 amounts for Magnet Schools of Excellence are shown in the School Improvement Programs account.

Compensatory Education for the Disadvantaged

Budget Authority by Object

	1989 Appropriation	1990 Appropriation	1991 Request
Other services............	$20,748,000	$25,876,000	$29,023,000
Grants, subsidies, and contributions............	4,558,390,000	5,297,485,000	5,809,916,000
Total.............	4,579,138,000	5,318,361,000	5,838,939,000

Compensatory Education for the Disadvantaged

Summary of Changes

1990 Appropriation..	$5,318,361,000[1]
1991 Request..	5,838,939,000
Net Change............	+520,578,000

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[1] Adjusted for comparability. Reflects a transfer of $50,000,000 that will be made from Chapter 1 Grants to LEAs to Magnet Schools of Excellence in the School Improvement Programs account, upon enactment of authorizing legislation by March 1, 1990.

	1990 Base	Change from Base
Increases:		
Program:		
1. Grants for the disadvantaged: Basic grants to local educational agencies -- Increase reflects the Department's belief that LEA grants should continue to be the centerpiece of Federal aid to elementary and secondary education..............	$4,212,647,000	+$250,453,000
2. Grants for the disadvantaged: Concentration grants -- Increase would improve Chapter 1's targeting of resources. Program funds flow to counties based on the concentration grant formula....	380,611,000	+115,289,000
3. Even start -- Increase reflects the importance of and benefits derived from an early childhood education program in which parents gain the literacy skills necessary to participate effectively in their children's education............................	24,201,000	+23,799,000
4. State agency programs: Migrant education -- Increase is part of the Department's general policy of focusing additional resources on programs that benefit educationally disadvantaged populations...............	282,444,000	+11,298,000

Compensatory Education for the Disadvantaged

Summary of Changes — Continued

	1990 Base	Change from Base
5. State agency programs: Neglected and delinquent program -- Increase is part of the Department's general policy of focusing additional resources on programs that benefit educationally disadvantaged populations	$32,791,000	+$1,312,000
6. State administration — Additional funds would help States respond to statutory requirements that they work with LEAs to develop and refine standards for program effectiveness, and provide technical help to improve program quality......	50,176,000	+3,824,000
7. Program improvement grants -- Increase would support State efforts to assist school districts in upgrading the quality of local Chapter 1 projects that do not improve academic performance..........................	12,544,000	+11,456,000
8. Evaluation and technical assistance -- Increase would provide additional funding needed to continue evaluation activities authorized in P.L. 100-297 and to conduct the mandated Chapter 1 longitudinal study................................	11,853,000	+3,147,000
9. Presidential merit schools — Increase would enable the program to expand and provide greater incentives for school improvement....................	125,000,000	+100,000,000
Subtotal....................		+520,578,000
Net change...........		+520,578,000

Compensatory Education for the Disadvantaged

Authorizing Legislation

Activity	1990 Authorized	1990 Appropriation	1991 Authorized	1991 Request
Grants for the disadvantaged:				
Grants to LEAs (ESEA-I-1-A):				
Basic grants (A-1005)	Indefinite	$4,212,647,000	Indefinite	$4,463,100,000
Concentration grants (A-1006)	Amount in excess of $3,900,000,000 appropriated for Grants to LEAs, up to $400,000,000; or up to 10 percent of funding for Grants to LEAs if appropriation exceeds $4,300,000,000.	380,611,000	Amount in excess of $3,900,000,000 appropriated for Grants to LEAs, up to $400,000,000; or up to 10 percent of funding for Grants to LEAs if appropriation exceeds $4,300,000,000.	495,900,000
Capital Expenses (ESEA-I-1-A)	Indefinite	25,682,000	Indefinite	25,682,000
Even Start (ESEA-I-1-B)	Indefinite	24,201,000	Indefinite	48,000,000
State agency programs (ESEA-I-1-D):				
Migrants (D-1)	Indefinite	282,444,000	Indefinite	293,742,000
Handicapped (D-2)	Indefinite	146,389,000	Indefinite	146,389,000
Neglected and delinquent (D-3)	Indefinite	32,791,000	Indefinite	34,103,000
State administration (ESEA-I-1-E-1404)	Indefinite	50,176,000	Indefinite	54,000,000
State program improvement grants (ESEA-I-1-E-1405)	Indefinite	12,544,000	Indefinite	24,000,000
Evaluation and technical assistance (ESEA-I-1-F)		11,853,000		15,000,000
Evaluation and technical assistance (1437)	Indefinite		Indefinite	
Longitudinal study (1463)	$4,200,000		$4,400,000	

Compensatory Education for the Disadvantaged

Authorizing Legislation -- Continued

Activity	1990 Authorized	1990 Appropriation	1991 Authorized	1991 Request
Rural technical assistance centers (ESEA-I-1-F-3)	Indefinite	$4,445,000	Indefinite	$4,445,000
Presidential merit schools (pending legislation)	---	125,000,000	To be determined	225,000,000
Migrant education:				
High School Equivalency program (HEA-418A)	Indefinite	7,858,000	Indefinite	7,858,000
College assistance migrant program (HEA-418A)	Indefinite	1,720,000	Indefinite	1,720,000
Unfunded authorizations:				
Secondary school basic skills and dropout prevention (ESEA-I-1-C)	$400,000,000	---	$450,000,000	---
Total definite authorization	404,200,000		454,400,000	
Total appropriation		5,318,361,000		5,838,939,000

Compensatory Education for the Disadvantaged

Table of Estimates and Appropriations

	Budget Estimate to Congress	House Allowance	Senate Allowance	Appropriation 1/
1982	2,481,047,000 2/	3,211,620,000	3,013,787,000	3,040,980,000
1983	1,942,000,000	3,040,980,000	3,207,500,000	3,207,894,000
1984	3,013,969,000	3,487,500,000	3,487,500,000	3,488,250,000
1985	3,480,000,000	3,687,500,000	3,704,120,000	3,695,663,000
1986	3,646,615,000	3,695,663,000	3,695,663,000	3,695,663,000
1986 Sequester				-158,914,000
1987	3,688,163,000	3,999,163,000	3,896,663,000	3,951,663,000
1988	4,144,163,000	4,603,000,000	4,486,000,000	4,336,543,000
1989	4,556,065,000	4,672,619,000	4,598,576,000	4,579,138,000
1990	4,980,441,000 3/	5,580,069,000	5,080,762,000	5,434,777,000
1990 Sequester				-66,416,000
1991	5,838,939,000			

1/ Reflects enacted supplementals, rescissions, and reappropriations in amounts appropriated prior to fiscal year 1985.

2/ Revised request submitted September 1981.

3/ Reflects 1990 budget amendment submitted February 1989.

Compensatory Education for the Disadvantaged

Significant Items in Congressional Appropriations Reports

Item	Action taken or to be taken
1989 House Report	
Chapter 1 Migrant Education	
The Committee expressed concern about the high proportion of formerly migratory students served under this program. The Committee requests that the Department review data on the number of formerly migratory children counted for allocation purposes and served and their policy implications and submit a report to both the authorizing and appropriations committees by February 1, 1990. The report should specifically address whether formerly migratory children are significantly more disadvantaged educationally than other Chapter 1 eligible children.	The Department will submit the report to the authorizing and appropriations committees by February 1, 1990.
Chapter 1 Evaluation and Technical Assistance	
The Committee expressed concern over the projected cost of the Chapter 1 longitudinal study and believes that the Department should review this plan to determine whether its goals can be met at a lower cost.	The Department is in the process of reviewing the projected cost of the longitudinal study to see whether its goals can be met at a lower cost. A report on various options will be submitted to Congress by February 15, 1990.

Compensatory Education for the Disadvantaged

Account Summary

	1989 Appropriation	1990 Appropriation	1991 Request
1. Chapter 1 grants for the disadvantaged:			
a. Grants to local educational agencies:			
(1) Basic grants........	$3,853,200,000	$4,212,647,000	$4,463,100,000
(2) Concentration grants	172,900,000	381,611,000	495,900,000
Subtotal, Grants to local educational agencies...	4,026,100,000	4,593,258,000	4,959,000,000
b. Capital expenses for private school children.	19,760,000	25,682,000	25,682,000
c. Even Start..............	14,820,000	24,201,000	48,000,000
d. State agency programs:			
(1) Migrants............	271,700,000	282,444,000	293,742,000
(2) Handicapped.........	148,200,000	146,389,000	146,389,000
(3) Neglected and delinquent..........	31,616,000	32,791,000	34,103,000
Subtotal, State agency programs..	451,516,000	461,624,000	474,234,000
e. State administration....	40,508,000	50,176,000	54,000,000
f. State program improvement grants.............	5,686,000	12,544,000	24,000,000
2. Evaluation and technical assistance.......	7,904,000	11,853,000	15,000,000
3. Rural technical assistance centers....................	3,952,000	4,445,000	4,445,000
Subtotal, Chapter 1........	4,570,246,000	5,183,783,000	5,604,361,000
4. Presidential merit schools.	---	125,000,000	225,000,000

Compensatory Education for the Disadvantaged

Account Summary — Continued

	1989 Appropriation	1990 Appropriation	1991 Request
15. Migrant education:			
a. High school equivalency program................	$7,410,000	$7,858,000	$7,858,000
b. College assistance migrant program.........	1,482,000	1,720,000	1,720,000
Subtotal, migrant education.........	8,892,000	9,578,000	9,578,000
Total.............	4,579,138,000	5,318,361,000	5,838,939,000

Legislative History

The Federal Government has a commitment and responsibility, in cooperation with States and localities, to help students who are educationally disadvantaged master the basic and more advanced skills they need to succeed in school and become productive citizens. For over two decades, the primary Federal vehicle for helping schools meet the educational needs of disadvantaged children has been the Grants for the Disadvantaged programs authorized by Title I of the Elementary and Secondary Education Act (ESEA) and Chapter 1 of the Education Consolidation and Improvement Act of 1981 (ECIA). Congress has appropriated almost $68 billion for Title I/Chapter 1 services since 1966. During this time the program has been the Department's "flagship" effort in elementary and secondary education.

In the early 1970's, Congress amended the Title I statute to clarify the purpose of the program and to ensure that it met the specific needs of educationally disadvantaged students. These amendments required that Federal funds supplement local expenditures and prohibited local school districts from discriminating against Title I schools in the allocation of State and local funds.

As Title I matured and the law and regulations became more complex, critics noted that the program had become increasingly burdensome. In response to concerns about the administrative burden, which many believed had sapped the program of its vitality, Congress enacted Chapter 1 of the Education Consolidation and Improvement Act (ECIA). As the successor to Title I, Chapter 1 maintained Title I's allocation formula and its basic policy of serving the educationally deprived children most in need, but simplified the administrative and program requirements and removed unnecessary Federal supervision and control.

Congress further clarified and expanded the Chapter 1 statute in 1983, with the ECIA Technical Amendments of 1983, P.L. 98-211. School districts were provided additional flexibility in such areas as establishing eligible school attendance areas and targeting Chapter 1 funds. Certain Chapter 1

Compensatory Education for the Disadvantaged

Account Summary -- Continued

provisions, relating to supplanting of local funds, participation of private school children who reside in project areas, and parental involvement, were clarified. States were required to conduct an evaluation of all their Chapter 1 compensatory education programs and to collect data every two years describing the children served.

As the expiration of the Chapter 1 ECIA authorization approached, both the Administration and Congress took a hard look at the statute. Studies of Chapter 1 programs, including the National Assessment of Chapter 1 (completed in 1987), found that these programs were often successful in improving the basic skills of participating students but that further improvements could be made. Drawing on these research results, the Administration and Congress worked together closely in developing and enacting the Hawkins-Stafford Elementary and Secondary School Improvement Amendments (P.L. 100-297). This law improved the targeting of resources, strengthened accountability mechanisms, provided incentives to encourage innovation and reward successful practice, and strengthened parental involvement requirements.

1991 Request

Fiscal year 1991 will mark the third year of operation for the Chapter 1 programs as reauthorized by the Hawkins-Stafford Elementary and Secondary School Improvement Amendments. The 1991 budget request of $5.8 billion for Compensatory Education for the Disadvantaged represents a $520.6 million increase over the 1990 level and reflects the importance the Administration places on providing resources to serve disadvantaged children. The 1991 request for this account falls into three priority areas: focus on the disadvantaged, early childhood education, and program improvement and accountability.

Focus on the disadvantaged

The Department requests $4.959 billion for Grants to Local Educational Agencies (LEAs), an increase of $365.7 million (8 percent) over the 1990 level. Following the basic law, 90 percent of the total LEA Grant request would be used for Basic Grants and 10 percent for Concentration Grants. This major increase proposed for Chapter 1 Grants to LEAs reflects the Secretary's belief that this program should continue to be the centerpiece of Federal aid to elementary and secondary education.

For the State Agency Migrant program, the Department's request would provide an $11.3 million (4 percent) increase to serve a population that has traditionally been among the most academically disadvantaged. Likewise the Department requests a $1.3 million (4 percent) increase for the Neglected and Delinquent program which serves another disadvantaged population group. Funding for the Capital Expenses for Private School Children, the State Agency Handicapped program, and the High School Equivalency and College Assistance Migrant programs would remain at their 1990 levels.

Compensatory Education for the Disadvantaged

Account Summary — Continued

Early childhood education

The Secretary's strong belief in the importance of and benefits derived from early intervention programs is reflected in the proposed increase for the Even Start program, from $24.2 million to $48 million — almost double last year's amount, to provide early remedial help to educationally disadvantaged children and their parents. This program integrates early childhood education and adult education into a unified program to provide educationally disadvantaged parents with the basic literacy skills needed to help their children succeed in school. The increase would enable the program to operate an estimated 131 new projects in 1991.

Program improvement and accountability

Program accountability, a major Administration priority, is promoted by conducting carefully designed program evaluations, providing technical assistance to school districts on program improvement strategies and evaluation strategies, and, in Chapter 1, through the State-monitoring and program improvement process established by the Hawkins-Stafford Amendments. To support this priority, the Department requests an $11.5 million (91 percent) increase for State Program Improvement Grants. This increase would help States provide educational services to school districts implementing program improvement plans in order to improve student academic performance. The Department also requests a $3.8 million (7.6 percent) increase for State Administration to help States carry out their administrative and technical assistance responsibilities which have grown in recent years because of added accountability and program improvement requirements of the statute.

For Chapter 1 Evaluation and Technical Assistance the Department proposes a $3.1 million increase in 1991. This increase would be used for evaluations to determine: the extent to which the program improvement requirements of Chapter 1 are being met; the effect that changes resulting from the Hawkins-Stafford Amendments have had on school districts, schools, and students; and areas that need improvement so that these issues can be addressed when the statute comes up again for reauthorization.

The Department also requests continued funding of Rural Technical Assistance Centers at the 1990 level. The technical assistance activities carried out under Chapter 1 will focus on helping State and local education officials address Chapter 1 program improvement and accountability issues.

Finally, the Department proposes to fund Presidential Merit Schools at $225 million, a $100 million increase over the comparable 1990 level. This program would make cash awards to public and private elementary schools that have made substantial progress in raising student educational achievement, creating a safe and drug-free school environment, and reducing the dropout rate. The program is designed to give financial incentives to spur schools to meet these challenges and provide public recognition to schools that have made progress in achieving excellence.

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1. Grants for the disadvantaged: a. Grants to local educational agencies
   (1) Basic grants
   (Elementary and Secondary Education Act of 1965, Title I, Chapter 1, Section 1005)

1991 Authorization: Indefinite

Budget Authority:

1990 Appropriation	1991 Request	Increase or Decrease
$4,212,647,000	$4,463,100,000	+$250,453,000

Purpose and Method of Operation

Basic grants to local educational agencies (LEAs) support supplementary compensatory educational services designed to increase the educational attainment of educationally disadvantaged children to a level appropriate for children of their age. The program provides financial assistance to school districts on the basis of their number of children from low-income families. Local school districts develop and implement their own programs to meet the needs of their students.

Financial assistance flows to school districts by formula, based on the State's per pupil expenditure for education and the number of each district's school-aged children from low-income families. Within districts, local school officials target funds on schools with the greatest number of poor children.

Appropriations for the LEA grant program are forward funded. The 1991 appropriation will become available on July 1, 1991, and will remain available for obligation until September 30, 1992. School districts generally will use the funds for the 1991-92 school year. The level of funding is dependent upon the availability of appropriations.

Accomplishments 1/

Effectiveness -- Data show that Chapter 1 has had some success in improving the basic skills of students participating in the program.

Data from the Sustaining Effects Study (1982) and the National Assessment of Chapter 1 (1986) showed that Chapter 1 students gained more than similar

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1/ The data cited are descriptive of the antecedent Title I ESEA and Chapter 1 ECIA programs.

Accomplishments -- Continued

students who did not receive Chapter 1 services, in both reading and mathematics. Although significant, those gains were not great enough for the Chapter 1 participants to "catch up" with non-disadvantaged, non-Chapter 1 students. While the program appeared to have an immediate positive effect on student achievement, participating students did not improve enough academically to eliminate their need for special assistance in later years. Thus, compensatory education students seemed to receive long-term benefit only from continuing program participation.

Preliminary State data from the 1987-88 Chapter 1 Evaluation and Reporting System also indicate that Chapter 1 has a positive impact on raising academic achievement. Achievement results of Chapter 1 students show modest gains in all grades in reading and mathematics. However, these gains tend to be greater for students in the elementary grades than for those in junior and senior high. The achievement gains measured in the 1987-88 school year are consistent with those observed in 1979-80 through 1986-87.

Participants -- Data submitted by the States under the Chapter 1 Evaluation and Reporting System for the 1987-88 school year indicate that Chapter 1 served slightly over 4.92 million children. This figure represents roughly 10 percent of all children enrolled in elementary and secondary schools nationally, and is roughly 200,000 more than the number served in the 1986-87 school year.

The majority of Chapter 1 students (72 percent) are in grades one through six, 8 percent are in kindergarten or preschool programs, and 20 percent are in grades 7 through 12. A large majority (97 percent) of these students attend public schools. Roughly 45 percent of Chapter 1 LEA participants are white, 29 percent are black, 21 percent are Hispanic, 2 percent are American Indian, and 3 percent are Asian or Pacific Islander. Approximately 42 percent of the participants in grades 1-6 were poor in 1976. Because the poverty rate among the total population of children living in poverty has increased since that time, it is reasonable to assume that a higher percentage of today's Chapter 1 participants are living in poverty. (National Assessment of Chapter 1: Current Operation of the Chapter 1 Program, 1987.)

Accomplishments — Continued

The majority (54 percent) of elementary and secondary school students receiving Chapter 1 services score below the 25th percentile in achievement. A small but significant percentage of students (12 percent) receiving Chapter 1 services score above the 50th percentile. (National Assessment of Chapter 1: Poverty, Achievement, and the Distribution of Compensatory Education Services, 1986.)

A significant percentage (48 percent) of low-achieving elementary school students who score below the 25th percentile are not served by Chapter 1 or any other State or local compensatory education programs. (National Assessment of Chapter 1: Poverty, Achievement, and the Distribution of Compensatory Education Services, 1986.) This is because of a number of factors, such as the presence of low achievers in unserved schools and grade levels and decisions made by school officials to serve only the very lowest achievers within selected grades and schools. (National Assessment of Chapter 1: Current Operation of the Chapter 1 Program, 1987.)

Eligible population served -- Chapter 1 is designed to serve children who are educationally disadvantaged and reside in low-income areas. School districts ultimately determine who is educationally disadvantaged. The actual child selection process is based on an assessment of needs that is conducted by each LEA. Because the selection criteria vary from district to district, the number of eligible children may also vary. Thus, any estimate of the number of children eligible for Chapter 1 services is necessarily imprecise.

The National Assessment of Chapter 1, in its first interim report in 1986, generated several estimates on the proportion of eligible Chapter 1 students served. Based on a reanalysis of 1976 data, the National Assessment found that:

- Of the lowest-achieving elementary students (those scoring below the 25th percentile on standardized tests) enrolled in Title I schools, about 40 percent received services under Title I. About 58 percent of these students received compensatory education services from either Federal or State and local sources.

- Of those elementary students scoring below the 50th percentile and enrolled in schools eligible for Title I services, about 30 percent received services under Title I. About 47 percent received compensatory education services either through Federal or State and local programs.

Compensatory Education for the Disadvantaged

1. Grants for the disadvantaged: a. Grants to local educational agencies
   (1) Basic grants

Accomplishments — Continued

District and School Characteristics -- Chapter 1 funds flowed to nearly 14,000 school districts, about 90 percent of the districts in the United States, during the 1985-86 school year. Some 70 percent of all elementary schools and roughly 36 percent of all secondary schools participate in the program. (National Assessment of Chapter 1: Poverty, Achievement and the Distribution of Compensatory Education Services, 1986.)

About 90 percent of all elementary schools with high poverty rates (50 percent or higher) receive Chapter 1 services. Of the high poverty schools not receiving services, almost all are located in districts that have poverty rates above the national midpoint (12.5 percent). About 75 percent of all Chapter 1 students are enrolled in districts and schools where the poverty rates are above the national midpoint. (National Assessment of Chapter 1: Poverty, Achievement and the Distribution of Compensatory Education Services, 1986.)

Chapter 1 students are more likely than students generally to reside in large urban school districts. Thirty-seven percent of all Chapter 1 participants attend public schools in urban districts, while 26 percent of all students nationally attend such schools. School districts in the 25 largest cities receive 25 percent of all funds. About 45 percent of all Chapter 1 students are in the quartile of all districts with the highest rates of poverty. (National Assessment of Chapter 1: Current Operation of the Chapter 1 Program, 1987.)

Services -- During the 1987-1988 school year, approximately 74 percent of Chapter 1 participants received compensatory reading instruction, while 43 percent received remedial mathematics instruction. In addition, Chapter 1 students received instruction in other academic areas such as language arts (21 percent) and support services such as health and nutrition services (8 percent), guidance counseling (16 percent), and transportation (4 percent).

Services are typically provided outside the regular classroom for about 30 to 35 minutes daily, and about three-quarters of all teachers provide instruction in groups of eight students or less. (National Assessment of Chapter 1: Current Operation of the Chapter 1 Program, 1987.)

Staffing -- School year 1987-88 data show that Chapter 1 projects employ the equivalent of approximately 144,000 people full-time. About 85 percent are either teachers or teachers aides. The remainder serve as administrators, support staff, or curriculum specialists.

Expenditures -- In 1987-88, the Federal contribution per child varied widely by State, ranging from $467 in Utah to $1,172 in Wyoming (Chapter 1 Evaluation and Reporting System). Within States, the Federal contribution

Compensatory Education for the Disadvantaged

1. Grants for the disadvantaged: a. Grants to local educational agencies (1) Basic grants

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Accomplishments -- Continued

per child differs among school districts depending on their size, degree of urban development, and incidence of poverty. Costs tend to be higher for large, highly urban districts with a greater incidence of poverty than for smaller districts with less poverty.

1991 Budget Proposal

The Department proposes to fund Basic Grants at $4.46 billion -- an increase of $250.5 million over the amount available in 1990. This request reflects the priority that the Administration places on programs serving the disadvantaged generally and on Chapter 1 LEA grants in particular. Together with the request for Concentration Grants, the Administration will follow the policy established in P.L. 100-297, the Hawkins-Stafford Elementary and Secondary School Improvement Amendments, of providing a base amount for Basic Grants equal to 90 percent of the total proposed for Grants to LEAs. These funds would benefit all local school districts currently receiving Chapter 1 support. The remaining 10 percent of the total requested for LEA Grants would be targeted through the Concentration Grant program on areas that have high concentrations of poor children.

At the 1991 request level, Basic Grants, in conjunction with the Concentration Grant program, would remain the Department's primary vehicle for providing compensatory education services to disadvantaged students. No changes from the policies established in P.L. 100-297 are proposed. Local school districts would continue to determine the allocation of resources among eligible children, the grades served, and the type of educational services provided.

Impact Data 1/	1989	1990	1991
No. of LEAs participating	14,000	14,000	14,000
Estimated No. of students served	5,000,000 - 5,200,000	5,253,000 - 5,453,000	5,357,000 - 5,558,000
Estimated average per pupil expenditure	$740 - $770	$770 - $800	$800 - $830

1/ These figures are estimates. Local school districts determine the actual number of children receiving services (and thus the Federal contribution per child) in any given year.

Compensatory Education for the Disadvantaged

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1. **Grants for the disadvantaged: a. Grants to local educational agencies (2) Concentration grants (Elementary and Secondary Education Act of 1965, Title 1, Chapter 1, Section 1006)**

1991 Authorization: Indefinite 1/

Budget Authority:

1990 Appropriation	1991 Request	Increase or Decrease
$380,611,000	$495,900,000	+$115,289,000

1/ Amount in excess of $3,900,000,000 appropriated for Grants to LEAs, up to $400,000,000; 10 percent of LEA Grants funding if LEA Grants appropriation exceeds $4,300,000,000.

Purpose and Method of Operation

Like Basic Grants to local educational agencies (LEAs), Concentration Grants support supplementary compensatory education services designed to meet the special needs of educationally deprived children.

Under P.L. 100-297, funds flow to counties and LEAs with at least 6,500 children from low-income families or a poverty rate of at least 15 percent. In cases where counties and LEAs qualify under the 15 percent poverty rate threshold, the statute requires all children to be counted for allocation purposes. The law also provides a statutory minimum State allocation (subject to a limit of: (a) .25 percent of the amount appropriated for Concentration Grants; (b) 150 percent of the national average per pupil payment, which is determined by dividing the appropriation by the number of formula children; or (c) 150 percent of the previous year's allocation, whichever is less). In no case, however, can a State receive less than $250,000. The Outlying Areas do not receive funding.

Funds for this program are provided on a forward-funded basis. The 1991 appropriation would become available on July 1, 1991, and remain available for obligation until September 30, 1992. School districts would use the funds for the 1991-92 school year. The level of funding is dependent upon the availability of appropriations.

Accomplishments

Second-year funding for the Concentration Grants program authorized under P.L. 100-297 was provided through the 1990 appropriation. This program provides the same services as Basic Grants to LEAs.

Compensatory Education for the Disadvantaged

1. Grants for the disadvantaged: a. Grants to local educational agencies
   (2) Concentration grants

1991 Budget Proposal

The Department proposes to fund Concentration Grants at $495.9 million, an increase of $115.3 million over the 1990 amount.

The request reflects the Administration's policy and congressional intent to improve the targeting of Chapter 1 by focusing more resources on areas with higher numbers and percentages of low-income children — areas that have the greatest need. This budget proposal follows the statute by providing that 10 percent of the total amount requested for LEA Grants would be allocated under the Concentration Grant formula.

The National Assessment of Chapter 1 highlighted the close association between high concentrations of poverty in a school and low academic achievement. Data from this study indicate that children, regardless of income, are more likely to do poorly when attending schools with higher than average concentrations of poverty. This request would direct additional funds to these high-poverty areas. Approximately 58 percent of counties nationally receive Concentration Grants.

Impact Data 1/	1989	1990	1991
Estimated number of students served	225,000 - 234,000	475,000 - 493,000	595,000 - 618,000
Estimated average Federal contribution per child	$740-$770	$770-$800	$800-$830
Number of counties that quality	1,780	1,780	1,780

1/ These figures are estimates. Local school districts determine the actual number of children receiving services (and thus the Federal contribution per child) in any given year.

Compensatory Education for the Disadvantaged

1. Grants for the disadvantaged: b. Capital expenses for private school children
(Elementary and Secondary Education Act of 1965, Title I, Chapter 1, Section 1017(d))

1991 Authorization: Indefinite

Budget Authority:

1990 Appropriation	1991 Request	Increase or Decrease
$25,682,00	$25,682,000	---

Purpose and Method of Operation

The Capital Expenses Program for Private School Children makes assistance available to local school districts to pay for the additional capital costs, incurred since July 1, 1985, associated with providing equitable Chapter 1 services to private school students as a result of the *Felton* decision. LEAs use program funds for activities such as: rental of classroom space in neutral sites; rental or purchase of mobile vans for Chapter 1 instruction; and transportation of private school students to public schools or neutral sites.

Funds are allocated to States based on their proportion of non-public school students served under the Chapter 1 Basic Grants program in school year 1984-85. States in turn distribute these funds to LEAs based on their needs as set forth in individual applications.

This program is forward funded. The 1991 appropriation request would become available on July 1, 1991 and remain available for obligation until September 30, 1992. School districts would use the funds for the 1991-92 school year. The level of funding is dependent upon the availability of appropriations.

Accomplishments

Because fiscal year 1989 funds only became available on July 1, 1989, no actual data on program accomplishments are yet available.

1991 Budget Proposal

The Department proposes to fund Capital Expenses for Private School Children at $25.7 million, the same as the 1990 appropriation level.

As a result of the Supreme Court's *Felton* decision on July 1, 1985, the number of private school children participating in Chapter 1 declined by 50,000 in the 1985-86 school year. Although the number of participants has

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1991 Budget Proposal -- Continued

increased in each succeeding year, it remains well below the pre-*Felton* figure. A General Accounting Office study completed in 1987 also noted similar changes in the number of private school students in the 15 school districts it examined.

Since 1985, school districts with significant numbers of eligible private school children have had to redirect existing Chapter 1 funds to pay for non-instructional goods and services such as the purchase, lease, and renovation of real and personal property, insurance and maintenance costs, and transportation. This has reduced funds available for direct instructional services. LEAs will continue to incur additional non-instructional expenditures as they strive to provide equitable services to private school children.

The Department's $25.7 million request continues the policy of helping to reimburse school districts for the expenses incurred through providing Chapter 1 services to private school children in a manner consistent with *Felton*. The request would enable LEAs to devote more of their regular Chapter 1 funds to providing instructional services and to serve a larger number of private school children.

Impact Data	1989	1990	1991
Estimated average award	$380,000	$493,885	$493,885
Estimated smallest award	$5,140	$6,680	$6,680
Estimated largest award	$4,247,182	$5,520,047	$5,520,047

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1. Grants for the disadvantaged: c. Even Start
   (Elementary and Secondary Education Act of 1965, Title I, Chapter 1, Part B)

1991 Authorization: Indefinite

Budget Authority:

1990 Appropriation	1991 Request	Increase or Decrease
$24,201,000	$48,000,000	+$23,799,000

Purpose and Method of Operation

The Even Start program grants funds to eligible school districts to operate projects that provide educational services to parents of children under 7 years of age who live in Chapter 1-eligible school attendance areas. The purpose of the program is to help parents who lack a high school education become full partners in the education of their children and assist children to reach their full potential as learners by integrating early childhood education and adult education for parents into a unified program.

Three percent of the Even Start appropriation is used for programs for migrants and up to 2 percent is set aside for program evaluations. The remainder is distributed in one of two ways: (1) in a fiscal year in which the program's appropriation is less than $50 million, the Department awards grants directly to local educational agencies (LEAs); and (2) in years where the program's appropriation equals or exceeds $50 million, the Department would allocate funds to the States through a formula based on each State's portion of the Chapter 1 Basic LEA Grant allocation. States would in turn make grants to LEAs. The formula also provides for a minimum State allocation. In all cases the authorizing statute requires that funds be equitably distributed among urban and rural areas through the grant award process. The statute also establishes a limitation on the Federal share of the cost of an Even Start project. In its first year of operation, a project may use its Even Start grant to pay for 90 percent of the total costs. The Federal share gradually declines to 60 percent in the fourth and any subsequent year.

This program is forwarded funded. Thus funds appropriated for fiscal year 1991, will become available on July 1, 1991, and remain available for obligation until September 30, 1992. The level of funding is dependent upon the availability of appropriations.

Accomplishments

Fiscal year 1989 marked the first year of funding for this program. The Department awarded 73 grants to LEAs in 44 States and the District of Columbia. In addition, three Migrant Education Even Start projects were funded. Because projects are in their first year of operation, program evaluation data are not yet available.

Compensatory Education for the Disadvantaged

1. Grants for the disadvantaged: c. Even Start

1991 Budget Proposal

The Department proposes to fund this program at $48 million, a $23.8 million increase over the amount available for 1990. At this level, Even Start would continue funding projects begun in 1989 and 1990 at 80 percent and 70 percent of their total costs respectively, and start roughly 131 new projects at 90 percent of their total cost. Three percent ($1.44 million) of the total request would support projects that serve migrant students and up to $960,000 would go for program evaluation.

Researchers agree that preschool activities can be cost-effective for disadvantaged children. A study that tracked low-income children who participated in the Perry preschool project in Michigan indicated that, by the time those children reached 19, they were twice as likely to have gone on to postsecondary education, twice as likely to be literate, twice as likely to have a job, a third less likely to drop out of school, half as likely to become pregnant as teenagers, and half as likely to be on welfare as similar students who did not participate in the project. Other evaluations of preschool programs for disadvantaged students such as Head Start, however, indicate the immediate gains realized by participating in such a program are not always sustained and that the progress made is often lost during the transition between preschool and elementary school. Parents who lack the literacy skills needed to help their children may contribute to this situation.

Researchers have also found that parents play a pivotal role in laying the foundation for their children's acquisition of basic skills -- a parent is a child's first tutor. However, when parents themselves lack the literacy skills to help their children learn, it becomes impossible for them either to provide their children with early learning skills or to reinforce the skills children learn in preschool programs.

Even Start addresses this problem by integrating early childhood education and adult education programs. Parents not only receive basic skills instruction themselves but also receive help in becoming partners in their children's education.

The Department believes that increased funding for this program would help make other Federal programs such as Head Start, which primarily addresses the needs of children before they begin school, and Chapter 1 LEA grants, which mostly reaches children once they have entered school, become more effective by: (1) helping disadvantaged children to sustain the progress made in preschool programs as they make the transition into elementary school and thereby providing them with a firmer educational base so that they have less need for remedial instruction; and (2) giving educationally disadvantaged parents the basic literacy skills they need to help their children succeed in school.

Compensatory Education for the Disadvantaged

1. Grants for the disadvantaged: c. Even Start

Impact Data	1989	1990	1991
New projects:			
Amount available (in $000s) 1/	$14,079	$10,477	$25,337
No. of projects	73	54	131
Average grant (in $000s)	$193	$193	$193
Continuation projects:			
Second-year projects:			
Amount available (in $000s) 2/	---	$12,514	$9,313
No. of grants	---	73	54
Average grant (in $000s)	---	$171	$172
Third-year projects			
Amount available (in $000s) 3/	---	---	$10,950
No. of grants	---	---	73
Average grant (in $000s)	---	---	$150
Migrant set-aside: (in $000s) 4/	$445	$726	$1,440
Evaluation set-aside (in $000s) 5/	$296	$484	$960
Total Federal Funding (in $000s)	$14,820	$24,201	$48,000
Total funding for first year grants including matching (in $000s)	$15,643	$11,641	$28,152

1/ Ninety percent of total cost.

2/ Eighty percent of total cost.

3/ Seventy percent of total cost.

4/ Three percent of the amount appropriated.

5/ Up to 2 percent of the amount appropriated.

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1. Grants for the disadvantaged: d. State agency programs (1) Migrant education
(Elementary and Secondary Education Act of 1965, Title I, Chapter 1, Part D, Subpart 1)

1991 Authorization: Indefinite

Budget Authority:

1990 Appropriation	1991 Request	Increase or Decrease
$282,444,000	$293,742,000	+$11,298,000

Purpose and Method of Operation

The Migrant Education program provides financial assistance to State educational agencies for compensatory education services to children of migrant agricultural workers and fishermen. Funds are allocated through a statutory formula based on the number of eligible full-time equivalent migrant students aged 3 through 21 residing within each State and the State's per pupil expenditure for education.

The program also supports the Migrant Student Record Transfer System (MSRTS) and inter- and intra-State coordination activities. MSRTS is a computerized system that provides migrant enrollment data needed to make State allocations and gives local school officials centralized access to school and health records of migrant students who move into their school districts. Coordination activities support contracts designed to improve inter- and intra-State coordination of migrant education activities.

This program, like the LEA Grant program, is forward funded. The 1991 appropriation will become available on July 1, 1991 and will remain available for obligation until September 30, 1992. Funds appropriated for fiscal year 1991 generally will support Migrant Education programs in the 1991-92 school year. The level of funding is dependent upon the availability of appropriations.

Accomplishments

Children counted for allocation purposes -- For the 1989-90 school year MSRTS identified 514,447 full-time-equivalent (FTE) students aged 3 to 21 as eligible to receive Chapter 1 Migrant Education services. About

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Accomplishments -- Continued

40 percent of the students counted are currently migratory (that is, they have moved from one school district to another within the past year); the remainder are formerly migratory. The total number of currently and formerly migrant children counted showed a sharp increase between 1988 and 1989 because P.L. 100-297 expanded the ages of children counted from 5 to 17 years to 3 to 21 years. The proportion of the migrant population counted as formerly migratory has ranged between 60 and 63 percent over the past 5 years. MSRTS data further indicated that 29 percent of all migrant students counted for the 1989-90 allocation have remained in the same school system for at least 3 years.

Participants -- Preliminary data submitted by the States show that, during the 1987-88 school year, 386,039 students participated in the program, a 42,770 (12 percent) increase from the previous year. Of this total, 105,226 participated in summer term programs. Three States, California, Texas, and Florida, operated the largest programs and accounted for over half of all the program's participants.

Half of all students served were classified as formerly migrant. The majority (55 percent) of participating students were in grades 1 through 6; 12 percent were in kindergarten or prekindergarten; and 33 percent were in grades 7 through 12. Roughly 75 percent of all the participating students were Hispanic; 12 percent were white; 5 percent were black; 4 percent were Asian or Pacific Islander; and 2 percent were American Indian. (The remaining 3 percent of the participants were not identified by racial or ethnic category.)

Most (97 percent) of the migrant children came from families working in agricultural jobs. The remaining 3 percent were from families working as migrant fishermen. Almost half (45 percent) of the children participating in the program came out of the western migrant stream along the Pacific Coast. About one-third (34 percent) came from the central migrant stream in which migrant families use Texas as a home base and travel up through the midwest. The remaining 21 percent of the program participants are located in the eastern stream which stretches along the Atlantic coast.

Services -- Most program resources are devoted to providing supplemental instructional assistance for students and are similar to those provided under the Grants to LEAs program (Case Studies of the Migrant Program, 1987). During the 1987-88 school year, 44 percent of the migrant students participating in the program during the regular term received reading instruction and 31 percent received remedial mathematics instruction. Students also received instruction in other areas such as language arts (16 percent), English for limited English proficient students (17 percent), and vocational education (4 percent).

Compensatory Education for the Disadvantaged

1. Grants for the disadvantaged: d. State agency programs (1) Migrant education

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Accomplishments — Continued

Staffing — School year 1987-88 data show that the program employed, during the regular school term, the equivalent of 10,529 people full-time. Teachers and teacher aides accounted for 70 percent of the staff. About 13 percent of the staff were recruiters and data entry personnel for MSRTS. The remaining 17 percent were administrative and support personnel and curriculum specialists.

Expenditures — Overall, the Federal contribution per student participating in the program during the 1986-87 school year was $717. That figure, however, varied widely by State, ranging from $175 per child in Puerto Rico to $1,521 per child in Rhode Island. The three States with the largest migrant programs -- California, Texas, and Florida -- spent $684 to $1,211 per child.

1991 Budget Proposal

The Department proposes to fund the Migrant program at $293.7 million -- a $11.3 million increase over the 1990 level. The request is consistent with the Department's general policy of focusing resources on programs that benefit educationally disadvantaged populations.

At the 1991 request level about $8.4 million would support migrant coordination activities, including the Migrant Student Record Transfer System (MSRTS). The remaining $285.4 million would flow to the States for compensatory education activities.

The request is based on the current provisions contained in the authorizing statute. The Department proposes no policy or legislative changes for 1991.

Impact Data	1989	1990	1991
Migrant education:			
Grants to SEAs	$263,920,000	$264,399,000	$285,375,700
Coordination activities	7,780,000	8,045,000	8,366,300
Total	271,700,000	272,444,000	293,742,000
No. of FTE students counted for allocation purposes 1/	514,447	514,447	514,447
Estimated No. of students served	367,000	367,000	367,000

Compensatory Education for the Disadvantaged

1. Grants for the disadvantaged: d. State agency programs (1) Migrant education

Impact Data — Continued	1989	1990	1991
Estimated Federal share per child served	$718	$749	$779

1/ Estimate is based on the number of FTE migrant students aged 3 to 21 years. These figures are derived from data used to allocate funds for the 1989-1990 school year.

1. Grants for the disadvantaged: d. State agency programs
(2) Handicapped
(Elementary and Secondary Education Act of 1965, Title I, Chapter 1, Part D, Subpart 2)

1991 Authorization: Indefinite

Budget Authority:

1990 Appropriation	1991 Request	Increase or Decrease
$146,389,000	$146,389,000	---

Purpose and Method of Operation

The Chapter 1 Handicapped program supports early intervention and special educational services for handicapped children, from birth through age 21, in State-operated or -supported programs. Those who can be served under this program also include children who have transferred from State to local programs, if the child was receiving and continues to receive a free appropriate public education and if the State educational agency transfers to the local educational agency all the funds the State educational agency receives for the child. Funds are allocated to individual States based on: (1) the number of handicapped children enrolled in State-operated or supported programs (including the transfer students described above) on December 1 of the fiscal year for which funds will be allocated; and (2) the State's per pupil expenditure for education. Funds are to be used to supplement the provision of special education and related services or early intervention services.

This program is forward funded. The 1991 appropriation will become available on July 1, 1991, and will remain available for obligation until September 30, 1992. Funds appropriated in fiscal year 1991 generally will support Chapter 1 Handicapped programs in the 1991-92 school year. The level of funding is dependent upon the availability of appropriations.

Accomplishments

Children served -- In fiscal year 1989, the program provided funds to over 2,400 State agencies, institutions, and local educational agencies serving 266,212 children, aged birth through 21. Of the children served, approximately 13 percent were aged birth through two years, 16 percent were aged three through five years, and 71 percent were aged six through 21 years. Of the six-through-21-year-olds served 1/, about 66 percent were identified as having one of the three following handicapping conditions: "mentally retarded" - 31 percent; "seriously emotionally disturbed" - 22 percent; or "learning disabled" - 13 percent (Fiscal year 1989 State report data).

1/ In accordance with the statute, data by disability category are collected only for children and youth aged 6 through 21.

Accomplishments — Continued

High- and low-use States — As in the past, there continues to be significant variation among States regarding the number of children served under the Chapter 1 Handicapped program as compared with the total number of handicapped children served in the State. The percentage of State's handicapped children served under this program ranges from a high of 60 percent in the District of Columbia to a low of less than one percent in Alabama, California, Minnesota, and New Mexico (fiscal year 1989 State report data).

Comparison of Handicapping Conditions of Children Served Under the Chapter 1 Handicapped Program and the Education of the Handicapped Act (EHA) -- The percentage of children reported under the various handicapping categories under each program differs significantly:

	Chapter 1 Handicapped	EHA
Mentally retarded............	31%	13%
Emotionally disturbed........	22	8
Hearing impaired.............	9	1
Learning disabled............	13	49
Speech impaired..............	6	24
Visually handicapped.........	3	—
Other handicapping conditions	16	5
Total...............	100	100

(Source: Fiscal year 1989 State report data)

There are at present no data to explain these differences. In its May 1989 study of the Chapter 1 Handicapped program, the Government Accounting Office (GAO) concluded that the program "... is generally providing services to severely handicapped students in educational settings consistent with their individual placement decisions, although...the program includes many less severely handicapped children in a few States." However, the study did not examine the number of severely handicapped children who are being served under the EHA or whether the Chapter 1 program includes more of the severely handicapped than the EHA program. Information from State reports suggests that the decision to serve a handicapped child under the Chapter 1 Handicapped program instead of the EHA is apt to be based on administrative considerations rather than on the severity of the child's handicapping condition.

The number of children served under the Chapter 1 Handicapped program is far less than the number served under the EHA, but the average Federal share per child is significantly higher. In 1989, about 266,200 children were served under the Chapter 1 Handicapped program at an average share per child of $557. Under the EHA, about 4,338,000 children were served at a share per child of $340, a difference of $217 per child served.

Compensatory Education for the Disadvantaged

1. Grants for the disadvantaged: d. State agency programs
   (2) Handicapped

1991 Budget Proposal

For fiscal year 1991, $146.4 million is requested, the same as the 1990 amount.

No increase is requested for the Chapter 1 Handicapped program. This policy is supported by several factors:

1. The study completed by the GAO in 1989 indicated that the Chapter 1 and the EHA programs, although originally created at different times and for different purposes, are now similar administratively. Both programs serve students of similar ages and with similar kinds of handicapping conditions, use program funds to supplement State and local services, count children for funding allocation purposes on the same day each year, and are concurrently monitored at the Federal level.

2. Growth for the EHA program has been significantly higher than it was for Chapter 1. The number of handicapped students served by the EHA grew by about 102,000 between 1988 and 1989 while the number students served by Chapter 1 increased by about 4,700 between 1988 and 1989. This indicates the continued commitment of States to serve most children with handicaps through LEA programs under the EHA rather than through the State-supported or -operated programs under Chapter 1 even though the Federal share per child is greater under Chapter 1.

Impact Data

	1989	1990	1991
Estimated No. of students counted and served 1/	266,200	266,200	266,200
Estimated average Federal contribution per child	$557	$549	$549

1/ Under this program, all children counted must be served. Thus the only number that can vary is the average Federal contribution per child. Estimates are based on data used for the 1989-90 school year.

Compensatory Education for the Disadvantaged

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1. **Grants for the disadvantaged: d. State agency programs (3) Neglected and delinquent (Elementary and Secondary Education Act of 1965, Title I, Chapter 1, Part D, Subpart 3)**

1991 Authorization: Indefinite

Budget Authority:

1990 Appropriation	1991 Request	Increase or Decrease
$32,791,000	$34,103,000	+$1,312,000

Purpose and Method of Operation

This program provides financial assistance to State educational agencies for compensatory education services to neglected and delinquent children in State-run institutions and juveniles in adult correctional institutions. Funds are allocated to individual States through a formula based on: (1) the number of children in State-operated institutions; and (2) each State's per-pupil expenditure for education.

This program is forward-funded. The 1991 appropriation will become available on July 1, 1991, and will remain available for obligation until September 30, 1992. The level of funding is dependent upon the availability of appropriations.

Accomplishments

National profile of participants -- Preliminary data from the Chapter 1 Evaluation and Reporting System for the 1987-1988 school year (the most recent year for which data are available) show that the program served 52,249 students in over 550 facilities across the country. Most of the students served (62 percent) were in facilities for juvenile delinquents; 32 percent were in adult correctional facilities; and the remaining 6 percent were in facilities for neglected children. The children served by the program tended to be older teenagers, with a significant number at or past the age of majority: 5 percent were under 13 years of age; 37 percent were between 14 and 16; and 58 percent were between 17 and 18. Data on the racial and ethnic background of the students served show that 45 percent were black; 38 percent were white; 15 percent were Hispanic; 1 percent were American Indian; and 1 percent were Asian or Pacific Islander.

Preliminary findings from a study of the program currently being conducted by Westat, Inc. indicate that the typical Chapter 1 neglected or delinquent student is a black male, who, prior to participating in the program, lived in an urban area, completed the eighth grade, was unemployed, and lived in a household where the natural father was absent.

Accomplishments — Continued

Services — Emphasis in program services is placed on basic skills instruction. During the 1987-88 school year, about 71 percent of the participating students received reading instruction; 65 percent received remedial mathematics instruction; 31 percent were taught language arts; and 14 percent received instruction in other academic areas. Projects also used program funds for other types of activities, such as guidance and counseling and psychological services (Chapter 1 Evaluation and Reporting System data, 1987-88).

Based on preliminary findings from the Westat study, about half of all eligible students in participating facilities received Chapter 1 services, but the percentage varies considerably by the type of facility. For example, in facilities for neglected children, 66 percent of the children eligible for Chapter 1 receive services, while 56 percent of the eligible youths in facilities for delinquents and 38 percent of all eligible students in adult correctional instructions are served. The reasons cited most frequently for not serving more eligible students in facilities for neglected and delinquent youths were the lack of funds and sufficient classroom space. In adult institutions, the biggest reasons for not serving more eligible students were student refusal of services and inappropriate student behavior.

Teaching staff — Preliminary findings from the Westat study show that virtually all Chapter 1 teachers are on the full-time staff of the facility where they work and are State certified. On average they have 15 years of instructional experience, including 7 years at their current facility and 6 years as a Chapter 1 teacher. Teachers in this program spend roughly 70 percent of their time on instructional tasks.

Program operation and administration — The primary role of the State educational agency (SEA) is to act as a funding conduit between the Federal Government and the State Applicant Agencies (SAAs) within the State. The SAAs have the key administrative role in the program; they take the responsibility for developing programs, allocating funds to specific institutions, conducting regular on-site monitoring, providing technical assistance, and generally overseeing program operations. SAAs retain about 10 percent of the Chapter 1 funds they receive from the SEA for administrative purposes. SAAs monitor about two-thirds of all facilities at least twice a year while the SEAs monitor 10 percent of all facilities during a year (Preliminary findings from the Westat study).

Compensatory Education for the Disadvantaged

1. Grants for the disadvantaged: d. State agency programs (3) Neglected and delinquent

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Accomplishments — Continued

In terms of fiscal effort, Chapter 1 funding accounts for about 10 percent of the education budget at the average facility serving neglected or delinquent children. This figure, however, varies by type of facility. For example, Chapter 1 funds account for 14 percent of the education budget at youth facilities serving neglected and delinquent children and 5 percent of the education budget at adult institutions (preliminary data from the Westat Study).

1991 Budget Proposal

For 1991, the Department requests $34.1 million for the Neglected and Delinquent program, a $1.3 million (4 percent) increase over the 1990 level.

The request will provide States with an increase that is consistent with the Department's general policy of focusing resources on programs that serve a needy population.

Impact Data

	1989	1990	1991
Estimated number of students served	47,000	47,000	47,000
Estimated Federal contribution per child	$672	$700	$728

Compensatory Education for the Disadvantaged

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1. Grants for the disadvantaged: e. State administration
(Elementary and Secondary Education Act of 1965, Title I, Chapter 1, Section 1404)

1991 Authorization: Indefinite 1/

Budget Authority:

1990 Appropriation	1991 Request	Increase or Decrease
$50,176,000	$54,000,000	+$3,824,000

1/ One percent of the amount allocated to States under Chapter 1, Parts A and D, but not less than $325,000 per State ($50,000 minimum per Outlying Area).

Purpose and Method of Operation

Funds provided under this authority enable State educational agencies to meet their administrative responsibilities under the Chapter 1 LEA program and the State agency programs. The statute provides that each State shall receive one percent of the amount allocated for its Part A (LEA Grants) and Part D (State Agency Grants) Chapter 1 programs, with no State receiving less than $325,000 ($50,000 in the case of the Outlying Areas).

The program is forward funded. Funds appropriated for fiscal year 1991 will become available for obligation on July 1, 1991 and remain available through September 30, 1992. The level of funding is dependent upon the availability of appropriations.

Accomplishments

In fiscal year 1989, the Department distributed $40.5 million to the States and Outlying Areas for administrative purposes. State educational agencies used these funds for allocating Chapter 1 funds to local educational agencies, monitoring Chapter 1 programs, and reviewing reports to ensure LEA compliance with legal requirements such as comparability, nonsupplanting, and maintenance of effort. They also used these funds to provide technical assistance to local educational agencies for improving program quality, establishing parent involvement procedures at the project level, providing equitable services to nonpublic school children, establishing performance objectives, and evaluating Chapter 1 programs. Finally, the States used administration funds to establish and maintain systems for the proper control and disbursement of Chapter 1 funds and the audit of local Chapter 1 programs.

Accomplishments — Continued

Evaluation data on Chapter 1 ECIA indicated that most States concentrated their administrative efforts more on monitoring and compliance activities than on program improvement and technical assistance. Despite this concentration on compliance and monitoring, State activity in this area declined after Chapter 1's enactment in 1981. At both the Federal and State levels, Chapter 1 ECIA was administered by fewer staff than was the antecedent Title I program. At the local level, the number of staff for special functions such as parental involvement, evaluation, and curriculum development declined even though administrative costs remained fairly constant. (National Assessment of Chapter 1: Current Operation of the Chapter 1 Program, 1987).

1991 Budget Proposal

The Department is requesting $54 million for State Administration — an increase of $3.8 million over the 1990 amount. At this level States would continue to carry out the administrative and technical activities required by the Hawkins-Stafford Elementary and Secondary School Improvement Amendments (P.L. 100-297). In addition to conducting their traditional program monitoring and administrative activities, the increase would help States respond to P.L. 100-297 requirements that SEAs work with LEAs to refine and develop standards for program effectiveness, and provide technical help to improve program quality.

Impact Data	1989	1990	1991
No. of States served (includes D.C. and Puerto Rico)	52	52	52
No. of Outlying Areas served	5	5	5
Average award	$710,667	$880,281	$947,400
Maximum award	$4,051,702	$4,899,428	$5,358,653
Minimum award:			
States	$325,000	$375,000	$325,000
Outlying Areas	$50,000	$50,000	$50,000

Compensatory Education for the Disadvantaged

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1. Grants for the disadvantaged: f. State program improvement grants (Elementary and Secondary Education Act of 1965, Chapter 1, Section 1405)

1991 Authorization: Indefinite 1/

Budget Authority:

1990 Appropriation	1991 Request	Increase or Decrease
$12,544,000	$24,000,000	+$11,456,000

1/ .25 percent of the amount allocated to the States under Chapter 1, Parts A and D, but not less than $90,000 per State ($15,000 minimum per Outlying Area).

Purpose and Method of Operation

Funds for this activity support the efforts of State educational agencies (SEAs) to help school districts correct problems with ineffective Chapter 1 projects. Section 1021 of P.L. 100-297 requires that SEAs work with school districts to develop and implement a program improvement plan if local efforts to bring about improvements to student academic performance through their Chapter 1 programs are unsuccessful after one year. All funds appropriated under Section 1405 must be used for direct educational services to implement program improvement plans. None of these funds may be used for administrative functions.

The statute provides that each State shall receive .25 percent of the amount allocated for its Part A (LEA Grants) and Part D (State Agency Grants) Chapter 1 programs, with no State receiving less than $90,000, or $15,000 in the case of the Outlying Areas.

This program is forward funded. Funds appropriated for fiscal year 1991 will become available for obligation on July 1, 1991 and remain available through September 30, 1992. The level of funding is dependent upon the availability of appropriations.

Accomplishments

The Department has awarded State Program Improvement Grants to all 50 States, the District of Columbia, Puerto Rico, and the Outlying Areas. However, because first-year (1989) funds for this program did not become available until July 1, 1989, program accomplishment data are not yet available.

Compensatory Education for the Disadvantaged

1. Grants for the disadvantaged: f. State program improvement grants

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1991 Budget Proposal

To support State efforts to assist school districts in upgrading the quality of local projects in which participating students do not improve their academic performance, the Department is requesting $24 million for fiscal year 1991 — almost double the amount available in 1990.

This request underscores the Administration's commitment to promote accountability for program results at the State and local level. The proposed increase will enable States to provide additional educational services to school districts implementing school improvement plans.

Impact Data	1989	1990	1991
No. of States served (includes D.C. and Puerto Rico)	52	52	52
No. of Outlying Areas served	5	5	5
Estimated average award	$99,754	$220,070	$421,050
Estimated maximum award	$357,636	$1,231,421	$2,516,741
Minimum award:			
States	$90,000	$90,000	$90,000
Outlying Areas	$15,000	$15,000	$15,000

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2. Evaluation and technical assistance
(Elementary and Secondary Education Act of 1965, Chapter 1, Sections 1437 and 1463)

1991 Authorization: Indefinite 1/

Budget Authority:

1990 Appropriation	1991 Request	Increase or Decrease
$11,853,000	$15,000,000	+$3,147,000

1/ Funding authorization for activities appropriated under Section 1437 is indefinite. The funding authorization for activities appropriated under section 1463 is $4.4 million.

Purpose and Method of Operation

Funds for this activity, authorized in Sections 1437 and 1463 of P.L. 100-297, enable the Department to conduct studies of program effectiveness, analyze program participation and achievement data, support regional technical assistance centers to aid State educational agencies (SEAs) and local school districts in evaluating their Chapter 1 programs, and assist States in improving program quality at the local level.

This is a current-funded program for which fiscal year 1991 funds will be available from October 1, 1990 to September 30, 1991. The level of funding for this program is dependent upon the availability of appropriations.

Accomplishments

Evaluation funds supported three types of activities in fiscal year 1989 -- the technical assistance centers, evaluations of program effectiveness, and the Chapter 1 program improvement initiative.

Technical Assistance

Regional technical assistance centers (TACs) help State and local officials collect and report evaluation data and use these data to improve their compensatory education programs. Fiscal year 1989 marked the second year of operation under the current TAC contracts. Currently, there are six centers located in Hampton, New Hampshire; Indianapolis, Indiana; Atlanta, Georgia; Overland Park, Kansas; Denver, Colorado; and Mountain View, California.

Accomplishments — Continued

A 1988 study found that:

- TACs have helped familiarize local districts with research findings on effective school and classroom practices.
- TAC assistance has promoted greater coordination between Chapter 1 and regular instruction;
- TAC staff members have acted as a reference service for virtually all their State and local clients;
- The Centers have acted as capacity builders when they and local districts commit reasonable amounts of time to intervention strategies such as conducting a workshop series; and
- TACs have been effective because they have gained the confidence of SEAs and local school districts by developing close working relationships.

Evaluations

In 1989, the Department completed several activities. They were:

- A study that looked at issues concerning the design, implementation, and evaluation of existing programs that promote home-school partnerships and enhance the skills of parents in supporting their children's academic performance. The purpose of the study was to examine programs that could be helpful in the design, implementation, and evaluation of similar parent-education programs under Chapter 1. This study will be useful as the Department begins to evaluate the Even Start program.
- An evaluation of the Chapter 1 "negotiated rulemaking" requirements of the Hawkins-Stafford Amendments (P.L. 100-297). The study looked at the impact of the new "reg-neg" process on the content of the regulations, the public's understanding of the new law, and time needed to promulgate final regulations, and at the cost of implementing the new process. The study concluded that although the new rulemaking procedures — especially the regional meetings — resulted in improved public understanding of the new Chapter 1 law, the lack of consensus on key regulatory issues meant that the new proceeding exerted minimal substantive influence on the development of Chapter 1 regulations. Furthermore, the new procedures did not shorten the time required to develop final regulations.

Accomplishments -- Continued

- Reports that summarized State level data on the participation and achievement of Chapter 1 students in the LEA Grant, Neglected and Delinquent, and Migrant Education programs. These annual reports, required by Section 1452 of P.L. 100-297, describe participation, services, and staffing and present available information on achievement.

The Department also continued or began a number of evaluation activities in 1989 in the following areas:

1. Impact of P.L. 100-297 on Program Operation and Administration. The Department launched a 50-State survey on State program improvement activities during the first year of program operation under the new statute. In addition, a large-scale study to examine State and local implementation of the new Chapter 1 requirements under P.L. 100-297 began. This study will gather information on school-wide projects, assess the effects of the new national evaluation standards, and describe how LEAs are implementing other new program requirements.

2. Program Outcomes: Activities within this area focused on long-term outcomes associated with Chapter 1 participation. On-going activities included the design phase of the longitudinal study and a study of academic instruction for the disadvantaged.

3. Special Studies: Work began on two studies mandated by Congress: a Chapter 1 tutoring study and a study of funds allocation under Chapter 1 and other programs. Work also commenced on studies that will look at Chapter 1 services to limited English proficient students and Chapter 1 programs at the secondary school level.

4. Early Childhood Education: Several studies are underway. They include: a profile of childcare settings to describe their characteristics; an examination of promising ways to maintain gains made by disadvantaged children in preschool programs after they enter elementary school; a nationally representative survey of before-and after-school care programs available across the Nation; and an examination of the quality of preschool programs with special emphasis paid to children participating in Chapter 1-supported preschool programs.

5. Evaluations of State-Administered Programs: The activities within this area included completing the first phase of the Neglected and Delinquent Study and continuing the national study of the Migrant Education program.

Accomplishments — Continued

In 1990, the Department will complete its work on the design phase of the longitudinal study, which will be followed by a larger-scale contract for work on actual data-gathering. Other activities that are planned or under consideration in 1990 include:

- Identifying best practices in Chapter 1 programs. This activity will be operated in conjunction with the longitudinal study to provide information on appropriate educational practices that result in the success of Chapter 1 children.
- Completing the mandated Chapter 1 tutoring study that examines current programs operated by institutions of higher education that offer tutoring services to disadvantaged elementary and secondary school students.
- Continuing the study of academic instruction for the disadvantaged with the release of the study's first report.
- Continuing the national descriptive evaluation of the Chapter 1 Migrant Education program.
- Beginning a study of migrant summer-term projects and funding patterns.
- Continuing the early childhood studies begun in 1989.
- Continuing the mandated study of the distribution of elementary and secondary education funds begun in 1989.
- Continuing a study begun in 1989 that analyzes data on how services are provided to Chapter 1 students with limited English proficiency.
- Gathering data on Chapter 1 services provided to secondary school students.
- Examining special issues on Chapter 1 effectiveness and program improvement. This effort would include a study to examine the extent to which States use Chapter 2 funds to support program improvement efforts in Chapter 1, a study to identify effective practices for developing advanced skills, and a review of recent literature to update information developed in 1984 on the attributes of successful compensatory education programs.

Accomplishments — Continued

Chapter 1 Program Improvement

The Department continued its efforts, begun in 1983, to bring about improvements in Chapter 1 program quality. In 1989, this activity had three elements:

1. Technical assistance: The Chapter 1 Technical Assistance Centers helped States to: (1) identify, validate, and disseminate information about successful Chapter 1 projects and practices; and (2) implement program improvement strategies.
2. National recognition: The Chapter 1 recognition program provided national exposure to school districts that operated successful Chapter 1 projects. In 1989, more than 120 school districts were recognized through this program.
3. Dissemination: The Department prepared and distributed a source book, that profiled nationally recognized exemplary projects and identified their key elements.

In addition, the Department will support other efforts in 1990 to foster improved program quality. The Department will produce the mandated Chapter 1 Policy Manual and distribute it to all State educational agencies and local school districts. The Department will also hold eight regional program improvement meetings to discuss how program improvement is to be planned for and achieved. TAC staff will provide workshops on topics such as: implementing advanced skills in Chapter 1, using evaluation results for program improvement, designing desired outcomes for program improvement, and devising strategies to implement program changes. Finally, the Department plans to conduct an intensive examination of program improvement efforts at selected sites, combining this evaluation with technical assistance from the TACs.

1991 Budget Proposal

For 1991, the Department proposes to fund Evaluation and Technical Assistance at $15 million, a $3.1 million increase over the 1990 appropriation. These additional funds would focus on the continuing longitudinal study and program evaluations needed for the upcoming reauthorization.

Of the total requested, approximately $5 million would support the continuing activities of the Chapter 1 Technical Assistance Centers (TACs), roughly the same amount provided for this activity in 1990.

1991 Budget Proposal — Continued

Approximately $4.4 million would support the third year of the Chapter 1 longitudinal study. This is a $900,000 increase over the amount provided in 1990 to fund this study. These funds would be used to collect the data needed to assess the impact of Chapter 1 participation on student and adult outcomes.

About $4.6 million, an increase of $2.6 million from the previous year, would support other studies of the Chapter 1 program, including replicating key substudies of the National Assessment of Chapter 1 and examining issues relating to Chapter 1 effectiveness. These activities and the funding increase would focus on gathering evaluation data that would be useful in the reauthorization process.

Roughly $215,000 of the total (a slight decrease from last year) would support program improvement activities, such as the recognition and source book programs.

About $500,000 of the total request, roughly the same as 1990, would support the analysis of program achievement and participation data gathered from the States for the LEA Grant, Neglected and Delinquent, and Migrant Education programs.

Approximately $250,000 would be used for support activites ranging from printing of reports to hosting regional and national meetings. This is a slight decrease from last year because preparation and printing of the Chapter 1 policy manual will not be required in 1991.

Impact Data	1989	1990	1991
($ in 000s)			
Technical assistance centers	$1,907	$5,000	$5,000
Program evaluations	3,849	2,044	4,635
Longitudinal study	1,184	3,500	4,400
Program improvement activities	290	345	215
Data analysis	486	500	500
Support Activities	188	464	250
Total	7,904	11,853	15,000
Number of TACs	6	6	6

3. **Rural technical assistance centers**
(Elementary and Secondary Education Act of 1965, Title I, Chapter 1, Part F, Subpart 3)

1991 Authorization: Indefinite

Budget Authority:

1990 Appropriation	1991 Request	Increase or Decrease
$4,445,000	$4,445,000	---

Purpose and Method of Operation

Under the Rural Educational Opportunities program, the Secretary is authorized to establish, through either grants or contracts, regional technical assistance centers to help State and local educational agencies improve the quality of education services provided to educationally disadvantaged children living in rural areas or attending small schools. Each center would, among other things, focus on problems related to districts with declining enrollment and ways in which districts can combine resources and management skills to provide effective programs for the educationally disadvantaged.

This is a current funded program for which funds are available from October 1, 1990 to September 30, 1991. The level of funding is dependent upon the availability of appropriations.

Accomplishments

Fiscal year 1989 marked the first year of operation for this program. Ten contracts were awarded. The centers are located in Hampton, New Hampshire; Indianapolis, Indiana; Decatur, Georgia; Overland, Kansas (for both the Region 4 and the BIA schools centers), Denver, Colorado; Portland, Oregon (for both the Region 6 and the Alaska centers), Kailua, Hawaii; and Hato Rey, Puerto Rico. Six of these rural TAC regions will serve the same regions as those served by the Chapter 1 regular technical assistance centers. Three separate (and smaller) rural TACs have been established for Alaska, Hawaii, and Puerto Rico because of their geographic isolation. A separate rural TAC was also established in Kansas to serve the special needs of Indian children in Bureau of Indian Affairs (BIA) schools.

1991 Budget Proposal

The Department proposes to fund the Rural Technical Assistance Centers at $4.45 million, the same as the 1990 level.

1991 Budget Proposal — Continued

The additional evaluation, program accountability, and technical assistance requirements of Chapter 1 present special problems to rural school districts because these districts tend to have few staff with sufficient expertise to address these issues. Although the regular Chapter 1 TACs are designed to provide assistance to all areas, they do not have sufficient resources to work with all districts. Given the current evaluation and accountability requirements of Chapter 1 and the Administration's commitment to program accountability, the Department believes that the rural TACs should be continued.

The Depatment has taken steps to avoid duplication of effort by the regular and rural TACs. Each rural TAC contractor must coordinate with the regular Chapter 1 TAC in its region under the terms of a written agreement. Each written agreement will be reviewed by the Department and coordination will be closely monitored.

Impact Data	1989	1990	1991
Number of rural technical assistance centers	10	10	10
Average award per center	$395,200	$444,500	$444,500

4. Presidential Merit Schools
(Proposed legislation)

1991 Authorization: (To be determined; legislation pending)

Budget Authority:

1990 Appropriation	1991 Request	Increase or Decrease
$125,000,000[1]	$225,000,000	+$100,000,000

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[1] Assumes passage of authorizing legislation by March 1, 1990.

Purpose and Method of Operation

The Presidential Merit Schools program would provide cash awards to public and private elementary and secondary schools that have made substantial progress in raising student educational achievement, creating a safe and drug-free school environment, and reducing the dropout rate.

Under proposed legislation pending before Congress, funds would be allocated by formula to the States based on the State's school-aged population and its share of funding under the Chapter 1 Basic Grants program. Within each State, Presidential Merit Schools would be selected by a special State Review Panel using State and Federal criteria. These criteria would focus on improvement in students' educational performance, the degree to which the school maintains a safe environment, and progress in reducing the number of students who drop out of school or encouraging those who have dropped out to reenter school and complete their schooling. Panels could also take into consideration the composition of a school's student body and give special consideration to schools enrolling substantial numbers or proportions of children from low-income families.

The amount of each Presidential Merit Schools award would depend on State-established criteria, including criteria related to the size of the school and the composition of the student body. A school selected as a Presidential Merit School could use its award for any purpose that furthers its educational program, including development or implementation of special programs, purchase of computers and other materials and equipment, and bonus payments to teachers and administrators.

This program would be forwarded funded. The 1991 appropriation would become available on July 1, 1991 and remain available until September 30, 1992. The level of funding is dependent upon the availability of appropriations.

4. Presidential Merit Schools

Accomplishments

Legislation is currently pending before Congress. Therefore, the program has not begun operating and there are no data on program accomplishments.

1991 Budget Proposal

The President requests $225 million for the new Presidential Merit Schools program for 1991, a $100 million increase over the 1990 level. The requested increase is central to the President's campaign to raise academic achievement by strengthening accountability and providing financial incentives for educational success. The program is based on the following principles concerning the improvement of education throughout the Nation:

- That achievable standards of excellence can and should be set for all students and all schools;
- That financial incentives can spur schools to rise to the challenge of meeting these standards; and
- That demonstrated school-wide progress in achieving excellence deserves public recognition.

Impact Data	1989	1990	1991
Number of State allocations 1/	---	57	57
Average State allocation	---	$2,184,210	$3,938,596
Largest State allocation	---	$12,766,269	$22,973,354
Smallest State allocation	---	$214,658	$416,560

1/ Includes the Outlying Areas.

5. **Migrant education: a. High school equivalency program b. College assistance migrant program**
(Higher Education Act of 1965, Part A, Subpart 5, Sec. 418A)

1991 Authorization: Indefinite

Budget Authority:

	1990 Appropriation	1991 Request	Increase or Decrease
High school equivalency program....................	$7,858,000	$7,858,000	—
College assistance........... migrant program............	1,720,000	1,720,000	—
Total....................	9,247,000	9,578,000	—

Purpose and Method of Operation

These two migrant education programs provide three-year grants to institutions of higher education or other public and private nonprofit organizations to: (1) assist migrant and seasonal farmworkers beyond the age of compulsory school attendance to complete the course work necessary to receive a high school diploma or its equivalent; and (2) assist migrant students to complete their first undergraduate year at a college or university.

Organizations that participate in the High School Equivalency program (HEP) provide the outreach, teaching, counseling, and placement services necessary to recruit and serve eligible migrant dropouts, aged 17 to 24, who wish to obtain a high school equivalency certificate and subsequently seek admittance to a college or university, enter a job-training program, join the military, or seek full-time employment. Grantees provide services in either residential, commuter, or mixed residential and commuter settings. Participants attend at least 30 hours of class a week in the subjects covered by the General Education Development (GED) examination and receive additional tutoring if necessary. The program also provides career and personal counseling, as well as placement assistance.

The College Assistant Migrant program (CAMP) helps migrant and seasonal farmworkers enrolled as first-year undergraduates to make the transition from secondary to postsecondary education and to complete their first year of college. Participants receive tuition scholarships and a stipend for personal expenses. The program also provides tutoring and counseling services and assists students in obtaining grants, loans, and work-study arrangements to meet their financial needs during the remaining undergraduate years.

Purpose and Method of Operation -- Continued

From 1974 to 1980 the Department of Labor funded HEP and CAMP, using discretionary funds set aside for migrant and seasonal farmworker programs. The Comprehensive Employment and Training Act Amendments of 1978 included specific authorizations for these programs. In 1980, the programs were transferred to the Department of Education and, in 1981, they were reauthorized as part of the Higher Education Act.

These programs are current funded; funds are available from October 1, 1990 to September 30, 1991. The level of funding is dependent upon the availability of appropriations.

Accomplishments

HEP

Participants -- For the 1989-90 school year HEP is serving an estimated 3,300 students in 22 projects.

Data from a 1988 study conducted by Pelavin Associates, Inc. indicate that the average student entering a HEP project in 1987 read at the seventh or eighth grade level. Almost two-thirds of the participants are Hispanic, 18 percent are white, 10 percent are black, and four percent are Native American. Fifty-seven percent are male. Almost two-thirds of the participants are "seasonal" farmworkers, while the remainder are migratory farmworkers.

Services -- Services provided by HEP projects include academic instruction, counseling, tutoring, cultural and social activities, and, in some instances, preliminary remedial academic work for students who need additional help before they can receive instruction for the GED examination. In 1987, roughly 57 percent of the total average hours of services provided involved academic instruction; 17 percent of the time was spent providing instructional support services such as tutoring; 14 percent involved job training; 7 percent of the program's service time was used to provide counseling; and 5 percent involved cultural and social activities aimed at enriching the student's academic work.

Expenditures -- In 1987, HEP projects used about 57 percent of their Federal funds for personnel costs and fringe benefits; 9 percent for student room and board; 6 percent for student stipends; 4 percent for travel expenses; and 3 percent for rent, equipment, and supplies. The remaining 21 percent covered various indirect costs. The average stipend per student was $153.

Outcomes -- Seventy percent of HEP participants successfully completed the GED during the 1986-87 school year. The rate of GED attainment varied according to the type of project. For example, 73 percent of participants in projects

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Accomplishments — Continued

operated by a college or university completed the GED, in contrast to 53 percent of participants at HEP projects operated by private nonprofit organizations. At residential projects, 86 percent of the participants received a GED certificate, while only 68 percent at commuter projects and 67 percent at mixed commuter and residential projects were successful.

Roughly 29 percent of the HEP participants continued their education at a postsecondary institution upon completing the program. About 25 percent of the participants found employment in nonmigrant positions.

CAMP

Participants -- For the 1989-90 school year, CAMP is serving about 280 students at 4 institutions of higher education (IHEs). Preliminary data from a recent study indicate that, in 1987, virtually all of the students participating in CAMP were Hispanic, and they were evenly divided between males and females.

Services -- Unlike HEP, CAMP projects do not provide direct instructional services. Because CAMP participants have completed high school, programs instead emphasize support services such as academic and personal counseling and tutoring. CAMP projects also provide student stipends that range from $128 to $243 per student.

Expenditures -- CAMP projects use about 43 percent of their Federal funds for personnel costs and fringe benefits; 13 percent for student room and board; 7 percent for stipends; and 2 percent for travel costs. The remaining 35 percent covers various other indirect costs.

Outcomes -- Eighty-one percent of the participants at the three CAMP projects studied in 1987 completed their first year of college. However, the completion rate varied by project ranging from 50 percent at one site to 100 percent at another.

1991 Budget Proposal

The Department is requesting $7.86 million for HEP and $1.72 million for CAMP, the same as the 1990 amounts for these programs. The 1991 budget request would enable the Department to fund project continuations for their second year at 1990 levels. No new grants would be awarded.

Compensatory Education for the Disadvantaged

5. Migrant education: a. High school equivalency program b. College assistance migrant program

Impact Data	1989	1990 1/	1991 1/
HEP:			
Number of students served	3,300	3,400	3,400
Number of awards	22	22	22
Average Federal contribution per student	$2,405	$2,311	$2,311
CAMP:			
Number of students served	280	300	300
Number of awards	5	5	5
Average Federal contribution per student	$5,293	$5,733	$5,733
Total for both programs:			
Number of students served	3,580	3,700	3,700
Number of awards	27	27	27
Average Federal contribution per student	$2,484	$2,589	$2,589
Number of States with projects	21	21	21

1/ Estimates are based on preliminary program data from the 1989-90 school year.

Compensatory Education for the Disadvantaged

Chapter 1 Grants for the Disadvantaged

State or Outlying Area	1989 Appro. for 1989	1990 Appro. for 1991	1991 Request for 1992
Total	$4,570,246,000 1/	$5,183,783,000 1/	$5,604,361,000 1/
Alabama	89,527,797	104,117,886	112,757,298
Alaska	16,354,018	17,525,278	19,994,073
Arizona	53,209,797	60,302,172	64,878,893
Arkansas	54,294,102	62,382,116	67,245,928
California	494,559,138	543,129,250	583,650,071
Colorado	42,153,519	47,651,139	50,814,597
Connecticut	49,430,903	55,549,482	59,253,510
Delaware	15,134,234	16,519,508	17,506,362
Florida	198,299,039	229,781,889	247,179,319
Georgia	120,185,960	132,317,281	142,748,128
Hawaii	12,714,186	13,745,340	14,746,610
Idaho	15,787,936	17,372,600	18,529,995
Illinois	216,824,751	244,177,079	261,229,129
Indiana	68,938,285	76,652,160	81,277,380
Iowa	35,437,513	40,109,109	42,634,379
Kansas	32,352,237	34,778,444	36,858,696
Kentucky	76,775,099	88,578,385	95,571,595
Louisiana	103,253,914	119,139,327	128,504,520
Maine	23,586,853	27,299,545	29,035,470
Maryland	70,798,248	80,390,027	86,160,377
Massachusetts	110,925,607	124,980,006	133,422,830
Michigan	174,969,881	200,284,031	214,330,193
Minnesota	51,705,148	57,297,708	61,166,238
Mississippi	81,247,029	94,315,319	102,044,307
Missouri	69,333,914	80,954,505	86,952,577
Montana	13,477,163	14,193,498	15,174,970
Nebraska	20,687,171	23,015,536	24,519,978
Nevada	8,991,671	9,381,148	13,254,998
New Hampshire	10,758,874	12,480,313	13,147,635
New Jersey	141,789,080	162,125,478	174,094,445
New Mexico	33,799,898	38,100,024	41,195,309
New York	470,188,203	538,430,770	578,646,269
North Carolina	100,353,267	114,629,733	123,207,949
North Dakota	10,330,429	11,007,619	13,984,870
Ohio	147,016,732	170,793,978	182,541,679

Compensatory Education for the Disadvantaged

Chapter 1 Grants for the Disadvantaged

State or Outlying Area	1989 Appro. for 1989	1990 Appro. for 1991	1991 Request for 1992
Total	$4,570,246,000 1/	$5,183,783,000 1/	$5,604,361,000 1/
Oklahoma	41,388,941	47,185,977	50,697,069
Oregon	45,936,766	51,418,270	54,234,797
Pennsylvania	216,523,281	246,741,04[illegible]	263,108,871
Rhode Island	16,565,108	18,873,283	20,193,662
South Carolina	64,864,348	73,972,598	79,846,995
South Dakota	13,106,313	14,975,503	16,034,780
Tennessee	86,816,858	100,715,845	108,963,678
Texas	317,269,272	356,150,966	382,415,328
Utah	16,414,266	18,071,665	19,260,874
Vermont	11,520,539	13,617,382	15,598,477
Virginia	82,730,584	97,377,058	104,639,086
Washington	61,581,157	67,296,170	67,373,250
West Virginia	39,428,511	43,156,573	56,354,404
Wisconsin	63,995,253	70,646,165	79,634,266
Wyoming	6,734,848	7,254,696	8,656,989
District of Columbia	22,189,108	25,285,937	27,102,251
Puerto Rico	154,402,752	176,482,229	191,182,729
Outlying Areas:			
American Samoa	1,962,197	2,363,633	2,498,725
Guam	2,201,446	2,621,455	2,764,179
Northern Marianas	1,072,188	1,241,453	1,300,105
Federated States of Micronesia	3,070,200	--- 2/	--- 2/
Marshall Islands	746,720	--- 2/	--- 2/
Republic of Palau	685,274	818,527	863,326
Virgin Islands	4,175,443	4,831,024	5,109,757
Bureau of Indian Affairs	25,217,026	30,634,339	32,455,630
Undistributed funds:			
Even Start	14,820,000	24,201,000	48,000,000
Migrant coordination	7,780,000	8,044,520	8,366,300
Evaluation and Technical assistance	7,904,000	11,853,000	15,000,000
Rural technical assistance centers	3,952,000	4,445,000	4,445,000

1/ The 1989 figures are actual allocations. The 1990 and 1991 figures are estimated allocations. Under the statute, one percent of the amount available to the States for Basic Grants under Chapter 1, Section 1005 is set-aside for the Outlying Areas and the Bureau of Indian Affairs. The amounts appropriated for LEA Grants and the State agency programs are distributed based on the number of formula eligible students and each State's per-pupil expenditure. Concentration Grants are allocated to counties with at least 6,500 formula-eligible children or in which such children make up at least 15 percent of the school-aged population. For counties qualifying on the basis of the 6,500-child threshold, only formula-eligible children in excess of that number are counted in making allocations; for counties qualifying on the basis of the percentage threshold, all formula-eligible children are counted. Appropriations language for 1989 and 1990 requires that each State receive at least $340,000 for Concentration Grants. For 1991 the Department proposes to provide each State with at least the statutory minimum of $250,000. Funds appropriated for Capital Expenses for Private School Children, authorized in Section 1017(d), are distributed based on the number of private school children who participated in the Chapter 1 Basic LEA Grant program in 1984. The amount set aside for State administration in 1989 is distributed based on each State's proportion of the total State Chapter 1 allocation under Parts A and D, with no State receiving less than $325,000; the Outlying Areas receive a minimum of $50,000 each. In 1990 appropriations language increased the State minimum was to $375,000. For 1991 the Department proposes to maintain the statutory State minimum pf $325,000. For State Program Improvement Grants, the amount appropriated is also distributed based on each State's proportion of its total Chapter 1 allocation under Parts A and D. Each State receives the statutory minimum of $90,000, while the Outlying Areas receive a minimum of $15,000 each.

2/ Under the terms of the Compacts of Free Association, grants will not be made to the Federated States of Micronesia and the Marshall Islands in 1990 and 1991.

Compensatory Education for the Disadvantaged

Presidential Merit Schools

State or Outlying Area	1989 Appro. for 1989	1990 Appro. for 1991	1991 Request for 1992 1/
Total	---	$125,000,000 1/	$225,000,000 1/
Alabama	---	2,427,622	4,366,954
Alaska	---	254,589	499,850
Arizona	---	1,560,584	2,808,637
Arkansas	---	1,380,309	2,483,094
California	---	12,766,269	22,973,354
Colorado	---	1,393,040	2,507,330
Connecticut	---	1,399,934	2,518,977
Delaware	---	337,450	607,071
Florida	---	5,252,856	9,451,015
Georgia	---	3,413,534	6,142,024
Hawaii	---	447,521	805,519
Idaho	---	487,797	878,105
Illinois	---	5,820,281	10,471,807
Indiana	---	2,437,794	4,387,930
Iowa	---	1,250,603	2,250,731
Kansas	---	1,025,078	1,845,216
Kentucky	---	2,092,759	3,764,830
Louisiana	---	2,726,134	4,903,991
Maine	---	606,939	1,091,961
Maryland	---	2,134,231	3,840,039
Massachusetts	---	2,718,198	4,889,840
Michigan	---	4,847,153	8,720,870
Minnesota	---	1,821,702	3,278,917
Mississippi	---	1,973,021	3,548,232
Missouri	---	2,324,127	4,182,482
Montana	---	392,625	706,540
Nebraska	---	709,925	1,277,724
Nevada	---	359,238	730,994
New Hampshire	---	421,213	762,229
New Jersey	---	3,819,455	6,870,822
New Mexico	---	896,911	1,613,550
New York	---	10,844,185	19,501,020
North Carolina	---	3,077,841	5,538,229
North Dakota	---	307,028	607,357
Ohio	---	4,995,091	8,989,387

Compensatory Education for the Disadvantaged

Presidential Merit Schools

State or Outlying Area	1989 Appro. for 1989	1990 Appro. for 1991	1991 Request for 1992 1/
Total	—	$125,000,000 1/	$225,000,000 1/
Oklahoma	—	1,469,567	2,645,023
Oregon	—	1,205,890	2,170,182
Pennsylvania	—	5,886,119	10,589,084
Rhode Island	—	457,638	823,310
South Carolina	—	1,889,661	3,399,777
South Dakota	—	378,372	680,760
Tennessee	—	2,539,022	4,568,015
Texas	—	8,700,351	15,656,740
Utah	—	833,737	1,501,612
Vermont	—	283,777	539,600
Virginia	—	2,689,321	4,837,421
Washington	—	1,858,335	3,243,063
West Virginia	—	1,053,799	2,142,270
Wisconsin	—	2,165,017	4,005,082
Wyoming	—	214,658	416,560
District of Columbia	—	405,054	728,158
Puerto Rico	—	3,433,945	6,174,215
Outlying Areas:			
American Samoa	—	52,592	94,664
Guam	—	91,960	164,527
Northern Marianas	—	23,863	42,954
Palau	—	18,938	34,088
Virgin Islands	—	125,147	225,267
Federal Activities	—	500,000	500,000

1/ All figures are estimates. One-quarter of one percent of the total appropriated would be set aside for the Outlying Areas. Up to $500,000 of the total appropriation would be set aside for activities at the Federal level. The remaining amount would be distributed to the States, the District of Columbia, and Puerto Rico. Half of the amount available to the States would be distributed based on each State's proportion of the national population of children aged 5 to 17. The other half would be allocated to States based on their proportionate share of Chapter 1 Basic LEA Grant funds (authorized in Section 1005 of ESEA) received in the current fiscal year.

WEDNESDAY, FEBRUARY 21, 1990

SPECIAL INSTITUTIONS FOR THE HANDICAPPED

WITNESSES

MICHAEL E. VADER, DEPUTY ASSISTANT SECRETARY FOR SPECIAL EDUCATION AND REHABILITATIVE SERVICES

CAROL A. CICHOWSKI, DIRECTOR, DIVISION OF SPECIAL EDUCATION, REHABILITATION, AND RESEARCH ANALYSIS, OFFICE OF PLANNING, BUDGET AND EVALUATION

Mr. NATCHER. At this time, we take up the budget request for the Special Institutions for the Handicapped.

We have before the committee Mr. Michael Vader. Mr. Vader, we will be pleased to hear from you at this time.

OPENING STATEMENT

Mr. VADER. Thank you, Mr. Chairman, and members of the committee. I am pleased to have the opportunity before the Committee to represent the Department's testimony on the fiscal year 1991 President's Budget Request for Special Institutions for the Handicapped.

This includes the American Printing House for the Blind, the National Technical Institute for the Deaf, and Gallaudet University. Representatives of these institutions will provide additional testimony in support of the budget request for their institutions. I will not duplicate their testimony. However, I would like to take a few minutes to summarize the budget and comment upon several key issues related to these programs.

BUDGET REQUEST

The fiscal year 1991 budget request for the Special Institutions for the Handicapped is $117,979,000, an increase of $8,603,000, or 7.9 percent, above the 1990 appropriation level. The Department is requesting a total of $5,901,000 for the American Printing House for the Blind, $37,531,000 for the National Technical Institute for the Deaf, and $74,047,000 for Gallaudet University.

The budget provides operations increases of 4.2 percent for the American Printing House for the Blind, 8.2 percent for NTID, and 5.8 percent for Gallaudet University, plus increases for special projects. The increases for these programs demonstrate the high priority we place on providing educational opportunities for disabled persons.

ENDOWMENT AND CONSTRUCTION FUNDS

The budgets for NTID and Gallaudet University also include $336,000 and $1,000,000, respectively, for endowment matching grants to help promote the financial independence of the institutions and give them a permanent source of funds for operations and special projects. NTID and Gallaudet fully matched the amounts appropriated for this purpose in 1989 and are on schedule in raising the amounts necessary to match the 1990 appropriations for the endowment matching grant program.

In addition, the increase proposed for Gallaudet University contains $2,500,000 for construction to remodel and expand the Hall Memorial Building. These funds would be matched by the University and used to begin a renovation of existing classrooms and laboratories and new construction to add office space for the research program.

EVALUATION STUDIES

Over the past few years, the Department has begun an initiative to review and evaluate the educational programs and activities and administrative operations of the Special Institutions. Evaluation efforts include a small, ongoing study of the Model Secondary School for the Deaf and Kendall Demonstration Elementary School, a study of the American Printing House for the Blind and its role in the provision of the educational materials for the blind, and a planning study for a comprehensive programmatic evaluation of Gallaudet University.

The 1991 budget for the Special Institutions for the Handicapped includes a request for $500,000 for evaluation studies. This new activity responds to provisions of the Education of the Deaf Act which require the Secretary to conduct monitoring and evaluation activities of the education programs and activities and the administrative operations of Gallaudet University and the National Technical Institute for the Deaf.

An evaluation studies activity also responds to the recommendation of the Commission on Education of the Deaf that the Department conduct periodic program evaluations of the federally-funded education programs for the deaf. In recent years, there has been little objective analysis of the efficiency and effectiveness of these programs.

In 1989, the Department convened a work group of experts in higher education, deafness and evaluation, including representatives of Gallaudet University, to assist in developing guidelines for a programmatic evaluation of Gallaudet. The recommendations of the panel of experts indicated that the Department should first gather baseline data on the postsecondary educational experiences of exiting high school students and students at all six of the federally-funded postsecondary educational programs for the deaf.

This recommendation formed the basis for the Department's proposal to conduct a study of postsecondary educational opportunities for the deaf as the first study under the new evaluation activity. In fiscal year 1991, the Department will also continue to assess the need for additional evaluations related to the Special Institutions and develop guidelines on how to conduct such studies.

FOREIGN STUDENTS

In response to a 1990 Conference Report directive, the Department of Education has recently granted NTID permission to admit foreign students for the summer 1990 session at the same tuition rate as that levied by Gallaudet. However, we continue strongly to believe that the Federal Government should not be subsidizing the majority of the cost to educate these students.

Funding for Gallaudet and NTID currently subsidizes the education of about 3,400 hearing and hearing-impaired students, including over 300 students from other countries. The foreign student population has been increasing and now constitutes approximately 13 percent of the students in the various postsecondary level programs at Gallaudet University. The admission of foreign students at NTID will compound this situation in 1991.

Gallaudet has restored its tuition surcharge for foreign students to 50 percent in fiscal year 1990. This was a positive first step. However, we remain concerned that funds that could be used for programs to serve low-functioning and other deaf citizens are being used to subsidize a large percentage of the educational and related expenses of foreign students.

The Department endorses the goal of gradually increasing the surcharge for foreign students to a level equivalent to the average percentage differential charged out-of-State students by land grant, State, and other public four-year colleges and universities.

Gallaudet and NTID currently use land grant and State universities as the base for setting their tuition levels. Our goal would be consistent with that practice and provide a reasonable, objective basis for calculating the surcharge.

The current three-year tuition parity agreement between NTID and Gallaudet expires in 1991. The Department plans to convene meetings on the next stage of this agreement in 1990. The level of subsidy to be provided foreign students will be considered as part of these negotiations.

PROGRAMMATIC RESPONSIBILITY

Fiscal year 1987 marked a change in how the Department administers the Special Institutions. Previously, the Office of Planning, Budget and Evaluation had the primary responsibility for these institutions. The programmatic responsibility for these institutions is now housed within the Office of Special Education and Rehabilitative Services.

Specific responsibilities are assigned to a liaison officer within the Office of the Assistant Secretary. I am pleased to announce that we have recently appointed a person who is deaf to that position.

I believe that these changes have enhanced our understanding of these institutions, increased coordination with the other major programs for handicapped persons which we administer, and resulted in better oversight and direction to the various programs of the Special Institutions for the Handicapped. These changes are consistent with the increase in the Secretary's monitoring and evaluation responsibilities under the Education of the Deaf Act of 1986.

CONSOLIDATED ACCOUNT

The budget proposes a single new account instead of three separate accounts for these institutions. These institutions have a unique relationship with the Federal Government. All serve handicapped students and all receive the largest source of their funding through Federal appropriations.

A single account would simplify budget presentation, analysis, and program administration and encourage consideration of policy towards these institutions in concert with other policies and programs for persons with disabilities. Separate earmarks are provided for each institution to identify the specific amounts of support to be provided.

In closing, the Department expects to continue to make progress in monitoring and evaluating the operations of the Special Institutions. Representatives of the institutions will be included in these reviews.

Thank you for your consideration of the 1991 budget request for the Special Institutions. Mr. Chairman, I will be pleased to answer any questions you or your colleagues may have.

[The information follows:]

DEPARTMENT OF EDUCATION

Statement by Michael E. Vader

Deputy Assistant Secretary for
Special Education and Rehabilitative Services
on
Special Institutions for the Handicapped

Mr. Chairman and Members of the Committee:

I am pleased to have the opportunity to appear before this Committee to present the Department's testimony on the fiscal year 1991 President's Budget Request for the Special Institutions for the Handicapped. This includes the American Printing House for the Blind (APHB), the National Technical Institute for the Deaf (NTID), and Gallaudet University. Representatives of these institutions will provide specific testimony in support of the budget request for their institutions. I will not duplicate their testimony. However, I would like to take a few minutes to summarize the budget and comment upon several key issues related to these programs.

Budget Request

The fiscal year 1991 budget for the Special Institutions for the Handicapped is $118.0 million, an increase of $8.6 million, or 7.9 percent, above the 1990 appropriation level. The Department is requesting a total of $5.9 million for the American Printing House for the Blind, $37.5 million for the National Technical Institute for the Deaf, and $74.0 million for Gallaudet University. The budget provides operations increases of 4.2 percent for the American Printing House for the Blind, 8.2 percent for NTID, and 5.8 percent for Gallaudet University, plus increases for special projects. The increases for these programs demonstrate the high priority we place on providing educational opportunities for disabled persons.

Endowment and Construction Funds

The budgets for NTID and Gallaudet University also include $336,000 and $1 million, respectively, for endowment matching grants to help promote the financial independence of the institutions and give them a permanent source of funds for operations and special projects. NTID and Gallaudet fully matched the amounts appropriated for this purpose in 1989 and are on schedule in raising the amounts necessary to match the 1990 appropriations for the endowment matching grant program. In addition, the increase proposed for Gallaudet University contains $2.5 million for construction to remodel and expand the Hall Memorial Building. These funds would be matched by the University and used to begin a renovation of existing classrooms and laboratories and new construction to add office space for the research program.

Evaluation Studies

Over the past few years, the Department has begun an initiative to review and evaluate the educational programs and activities and administrative operations of the Special Institutions. Evaluation efforts include a small, ongoing study of the Model Secondary School for the Deaf and Kendall Demonstration Elementary School, a study of the American Printing House for the Blind and its role in the provision of educational materials for the blind, and a planning study for a comprehensive programmatic evaluation of Gallaudet University. The 1991 budget for the Special Institutions for the Handicapped includes a request for $500,000 for evaluation studies. This new activity responds to provisions of the Education of the Deaf Act which require the Secretary to conduct monitoring and evaluation activities of the education programs and activities and the administrative operations of Gallaudet University and the National Technical Institute for the Deaf. An evaluation studies activity also responds to the recommendation of the Commission on Education of the Deaf that the Department conduct periodic program evaluations of the federally funded education programs for the deaf. In recent years, there has been little objective analysis of the efficiency and effectiveness of these programs.

In 1989, the Department convened a work group of experts in higher education, deafness, and evaluation, including representatives of Gallaudet University, to assist in developing guidelines for a programmatic evaluation of Gallaudet. The recommendations of the panel of experts indicated that the Department should first gather baseline data on the postsecondary educational experiences of exiting high school students and students at all six of the federally funded postsecondary educational programs for the deaf. This recommendation formed the basis for the Department's proposal to conduct a study of postsecondary educational opportunities for the deaf as the first study under the new evaluation activity. In fiscal year 1991, the Department will also continue to assess the need for additional evaluations related to the Special Institutions and develop guidelines on how to conduct such studies.

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Consolidated Account

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In closing, the Department expects to continue to make progress in monitoring and evaluating the operations of the Special Institutions. Representatives of the Institutions will be included in these reviews. Thank you for your consideration of the 1991 budget request for the Special Institutions.

Mr. Chairman, I will be pleased to answer any questions you or your colleagues may have.

DEPARTMENT OF EDUCATION

Office of Special Education and Rehabilitative Services

Biographical Sketch

NAME : Michael E. Vader

POSITION : Deputy Assistant Secretary for Special
Education and REhabilitative Services

BIRTHPLACE AND DATE : Saulte St. Marie, Michigan, August 16, 1941

EDUCATION : University of Nevada, 1969, B.S.
1972, M.B.A

EXPERIENCE

1989 - PRESENT : Deputy Assistant Secretary for Special
Education and Rehabilitative Services

1987 - 1989 : Deputy Director/Chief, Department of Consumer
Affairs, State of California
Sacramento, CA

1984 - 1987 : Chief, Deputy Director, Department of Fair
Employment and Housing, State of California
Sacramento, CA

1984 : Deputy Director, Enforcement, Department of
Fair Employment and Housing, State of California
Sacramento, CA

1983 - 1984 : Chief, Bureau of Automotive Repair, Department
of Consumer Affairs, State of California
Sacramento, CA

1980 - 1983 : Deputy Secretary, State and Consumer Services
Agency, State of California
Sacramento, CA

1977 - 1980 : Program Manager, State Personnel Board, State of
California
Sacramento, CA

1974 - 1977 : Commissioner, Fair Employment Practice Commission, State of California
Sacramento, CA

1974 - 1975 : Consultant, Department of Education, State of
California
Sacramento, CA

1973 - 1977 : Yat-Ta-Hey, Potpourri (Retail Stores)
Sacramento, CA

1971 - 1973 : Executive Vice President, The Mentoris
Company
Sacramento, CA

1970 - 1971 : Vice President, International Luggage
Registry, Inc.
Reno, Nevada

1969 - 1970 : Chief Accountant, State of Nevada –
Carson City, Nevada

1966 - 1969 : Consultant, Vader/Zane Consultant Inc.
Reno, Nevada

1961 - 1966 : Internal Auditor, I.B.M. Corporation
San Jose, CA

CONSOLIDATED ACCOUNT

Mr. **Natcher**. Thank you, Mr. Vader.

Now, as you know, the Department is again requesting a consolidated appropriation for the Special Institutions. Why is this being done, Mr. Vader? And if you will tell us, how many years has the Department requested consolidation?

Mr. **Vader**. The President's request for 1991 proposes one account, a Special Institutions for the Handicapped account, to replace the three current separate accounts. Specific earmarks are included for each supported institution in order to maintain a separate funding identification for each.

The primary advantage of this recommendation is administrative ease. I believe that the Administration has requested this consolidated account since fiscal year 1984.

Mr. **Natcher**. Have the Institutions voiced any concern or reservations about a consolidated request? Have you talked with them, Mr. Vader, or anyone in your agency?

Mr. **Vader**. I am not personally aware of any major objections to the consolidated proposal.

EVALUATION STUDIES

Mr. **Natcher**. The budget requested $500,000 for evaluation of the Special Institutions. Last year, this proposal focused on Gallaudet. Tell the committee what prompted this year's request and how do you intend to use these monies, this $500,000?

Mr. **Vader**. Essentially, the $500,000 is requested to assist the Department to fulfill its responsibility to monitor and evaluate Federal postsecondary educational opportunities for the deaf. Without this appropriation, we would not have evaluation funds available for this particular purpose.

In April 1989, we began a planning study in response to our responsibility under the Education of the Deaf Act and recommendations of the Commission on Education of the Deaf. The Department convened a panel of experts to discuss various data and issues that relate to educational opportunities for the deaf, particularly in relation to a programmatic evaluation of Gallaudet University.

The panel felt it was important to gather baseline data before a comprehensive programmatic evaluation be initiated. The $500,000 we are requesting is to gather data on the postsecondary deaf population such as attendance trends and demographic and functional data. These data would be useful in determining the type and level of programs to be offered in the future.

AMERICAN PRINTING HOUSE FOR THE BLIND STUDY

Mr. **Natcher**. According to your opening statement, the Department is funding a study of the American Printing House for the Blind and its role in providing educational materials to the blind. Who is actually conducting the study, and tell us, if you will, when it will be completed?

Mr. **Vader**. The study is currently in process. It was begun in October 1989. It is the first study of the American Printing House for the Blind in its 121-year history. It will cover a wide range of issues, including average cost of supplying materials, identification of emerging issues, and distribution and coordination activities.

Mr. **NATCHER**. Who is conducting this study?

Ms. **CICHOWSKI**. We have a small contract with Pelavin Associates, which does education-related studies for the Department.

FOREIGN STUDENTS

Mr. **NATCHER**. The tuition surcharge for foreign students at Gallaudet and the National Technical Institute for the Deaf is currently 50 percent. Tell us why the Administration thinks this is too low, and also tell us what surcharge the Department thinks is reasonable.

Mr. **VADER**. At this time, we feel the 50 percent surcharge is appropriate as a first step, and we have recommended as such. We will soon begin the process of organizing meetings between Gallaudet and NTID to discuss the three-year tuition parity agreement, which expires in 1991 and will bring up the subsidy of the foreign students as a part of these discussions.

RESTRICTION ON NUMBER OF FOREIGN STUDENTS

Mr. **NATCHER**. Instead of raising tuition, Mr. Vader, any further, should the number of foreign students admitted to any of the Special Institutions be restricted?

Mr. **VADER**. That clearly is an option that we could consider in the future, in addition to raising tuition.

Mr. **NATCHER**. Mr. Conte, I yield to you.

CONSOLIDATED ACCOUNT

Mr. **CONTE**. Thank you, Mr. Chairman.

The Chairman asked you about the consolidated account. I think I finally figured out why the Department comes up here every year asking to consolidate these three fine institutions. OMB Director Darman came out with one budget book instead of the usual four or five volumes. By consolidating to save space you are trying to make a contribution by combining these three accounts into one.

You are going to save at least a half-column in the 1500-page document. Is that right?

Mr. **VADER**. I have not estimated the actual space that would be saved.

MONITORING AND EVALUATION RESPONSIBILITY

Mr. **CONTE**. The Education Department began oversight of the three Special Institutions for the Handicapped three years ago. Last year, it was mentioned at the oversight they turned up three areas of concern, 1) excessive compensation; 2) tuition, room and board agreements and admission of foreign students; and 3) accountability.

A year later, where do you stand with regard to the oversight of these programs? Have the Department's concerns been resolved?

Mr. **VADER**. Those are ongoing considerations. We are working with the institutions to resolve them. Regarding oversight, we have assigned programmatic responsibilities to the Assistant Secretary's office. I am happy to say we have appointed a deaf person as the manager of that operation. I am happy that the relationships between all the parties have evolved and the result is enhanced educational opportunities for persons who are deaf.

EVALUATION STUDIES

Mr. CONTE. Your testimony indicates that you intend to conduct a study of the postsecondary education opportunities for the deaf under the new evaluation activity. If I try to translate that into plain, ordinary language, wouldn't it be fair to say that the purpose of the study is to determine where deaf students can go to college or further training after graduating from high school?

Mr. VADER. Yes, the first stage of the study primarily is to gather existing data on demographics and baseline data on what is available before we can assess the kinds of appropriate placements still needed to appropriately serve deaf persons.

Ms. CICHOWSKI. The purpose of the study would be to get information on who the deaf students are who are exiting secondary schools and moving on from special education, what their characteristics look like, what their interests are, and what their needs are. We are interested in the kinds of choices they make about postsecondary education and their experiences in postsecondary education.

We think this kind of information will help us better assess what kinds of postsecondary programs are needed to meet the needs of deaf students. This has implications for programs like NTID, Gallaudet, and the Regional Postsecondary Education Programs for the Deaf. It will also assist in addressing the needs of the low-functioning deaf, which has been a strong interest of the Congress and one that we share.

Mr. CONTE. Carol, how does that constitute an evaluation, which compares actual results of a given program to expected or anticipated results?

Ms. CICHOWSKI. It is not an evaluation of an institution, but it will provide information on the context in which those institutions operate that will enable us to assess whether or not the institutions are in fact addressing the needs.

The main reason that we are pursuing this area of study is that it responds to the recommendations of the panel of experts we convened last spring. We invited nine experts in higher education, education of the deaf, and programmatic evaluation to give us assistance in developing guidelines for an evaluation of Gallaudet University. They began asking questions about whether we had data on the characteristics of deaf students attending existing postsecondary schools and their experiences. We did not have this baseline information. The experts agreed that prior to pursuing an evaluation of any of these institutions, we should gather baseline information on the population and their current experiences.

EVALUATION STRATEGY

Mr. CONTE. Did the 1989 working group recommend an overall evaluation strategy for you to take?

Ms. CICHOWSKI. The strategy we are pursuing is in response to their recommendation. They recommended that we start collecting baseline data on the current experiences these students are having at the postsecondary level before we proceed with an evaluation focused on any one of these institutions specifically and their programs. We agree with that recommendation.

Since we could not provide the kind of information they requested, we recognized that we need to start at the beginning with some very basic information.

FOREIGN STUDENTS

Mr. CONTE. The chairman asked about the 50-percent surcharge for foreign students. I believe an agreement has been reached between Howard and the Department as to how those charges will be instituted over the three-year period.

I wonder if there are any similar agreements in place for NTID and Gallaudet?

Mr. VADER. Here again, we have agreement upon the 50-percent surcharge currently for 1990 and 1991. The three-year agreement is up for consideration in 1991. We will be starting to meet with NTID and Gallaudet later this year to discuss any increases that may be necessary and the surcharge for foreign students in the future.

Mr. CONTE. You don't think the 50 percent surcharge is enough?

Mr. VADER. No we don't. I have an opinion on this, but I want a chance to evaluate it further.

CONSORTIUM PROGRAM

Mr. CONTE. In the 1990 bill, the conference report provided $888,000 for a consortium program involving NTID. No budget request was presented for that activity. Is there a policy reason within the Department for not continuing with that activity?

Mr. VADER. Yes, the Department believes additional funding should not be committed until all options have been considered. In 1990, the Department is establishing a research and training center for low-functioning persons who are deaf to support research on services to this population. As part of this particular center there will be projects to evaluate various needs as well as identification of available resources. This information should be examined before more funds are considered for consortium activities.

We believe that, right now, the best way to address the concerns of low-functioning deaf persons is through the research and training center which will recommend approaches for best serving these individuals.

Mr. CONTE. You are not planning to rescind the $888,000?

Ms. CICHOWSKI. No, we are not.

Mr. NATCHER. Thank you very much, Mr. Vader.

[The following questions were submitted to be answered for the record:]

FOREIGN STUDENTS

Mr. Natcher: The tuition surcharges for foreign students at Gallaudet and the National Technical Institute for the Deaf is currently 50 percent. Tell us why the Administration thinks this is too low and also tell us what surcharge the Department thinks is reasonable.

Mr. Vader: The Department has very serious reservations about the size of the Federal subsidy for foreign students attending Gallaudet University and those who will be attending NTID. Gallaudet estimated that the average cost per student in 1987 was $25,730. Using this uninflated amount and the 1990 enrollment of foreign students, we estimate a total cost of $7,744,730 for foreign students in 1990. Foreign student tuition, including the 50 percent surcharge, is $4,626 in 1990. At this rate, foreign students contributed only $1,392,400 toward the cost of their education or less than 18 percent of the cost. Over half of the students enrolled at Gallaudet and 80 percent of the foreign applicants to NTID are from Canada. There are enough Canadian students to open a Canadian school. However, it is much less expensive for Canada to send their students here at an extremely discounted price.

The Department agrees with the 1990 Senate report language that would have required Gallaudet to work with the Department to develop a plan for reaching a 135 percent surcharge level over a 5-year period. The 135 percent level is the average percentage differential charged out-of-State students by public colleges and universities. NTID and Gallaudet are premier institutions for the deaf that are primarily supported by the American taxpayer. We believe foreign nationals and their governments should at least be asked to pay a reasonable portion of our cost to educate their students.

Mr. Natcher: Would an increase of this magnitude significantly restrict the number of deaf foreign students able to attend schools in the U.S.?

Mr. Vader: The Department believes that a higher surcharge for foreign students would not significantly affect the level of foreign student enrollment. Despite the increase in the surcharge for these students from 20 percent to 50 percent in 1990, enrollment of foreign students increased by 31 percent. In fact, the foreign student population is the fastest growing segment of Gallaudet University. These students represented 65 percent of the overall increase in enrollment in 1990. The Commission on Education of the Deaf recommended that the number of foreign students at both schools be limited to 10 percent of the student body and that tuition be increased to cover 75 percent of the average per student cost at each institution. The enrollment of foreign students at Gallaudet is now almost 13 percent of the student body and they pay only approximately 18 percent of the average per student cost. The earlier argument put forth by the University that these students are only adding marginal costs to the overall cost of the University does not hold up when they comprise almost 13 percent of the total enrollment.

The amount of the tuition surcharge that foreign students attending Gallaudet University are required to pay is extremely reasonable. Public colleges and universities charge out-of-State students an average of 135 percent more than in-State students, a rate significantly more than the 50 percent charged by Gallaudet and soon to be charged by NTID. Private schools, which enroll a significant number of foreign students, also charge tuition rates that are generally higher than the Gallaudet rate, including the 50 percent surcharge, and continue to attract foreign students. We believe these students directly affect the educational, support service, and capital expenditure needs of the University and should be asked to pay a reasonable share of their cost. Concerns about opportunities for students from developing nations can be better addressed through a scholarship program than through an across-the-board subsidy.

Mr. Stokes: Do you know what countries most of the foreign students at Gallaudet come from? For the record, please provide a list of countries that currently have students enrolled at Gallaudet.

Mr. Vader: In 1990, Gallaudet enrolled 301 foreign students from 57 countries in University programs. The following chart lists the countries represented and number of students from each:

Angola	3
Australia	1
Belgium	2
Brazil	2
Cameroon	1
Canada	151
Chile	1
China	1
Denmark	6
El Salvador	2
Finland	1
France	1
Germany (West)	4
Ghana	1
Great Britain	6
Greece	1
Guatemala	1
Guyana	2
Haiti	1
Honduras	1
Hong Kong	5
Hungary	1
India	8
Indonesia	1
Iran	4
Ireland	1
Israel	4
Italy	2
Jamaica	3
Japan	3
Jordan	2
Kenya	4
Korea	2
Lebanon	1
Malaysia	3
Nigeria	7
Norway	4
Oman	1
Pakistan	2
Panama	1
Philippines	3
Qatar	1
Romania	1
Saudi Arabia	3
Singapore	7
South Africa	3
Spain	2
Sri Lanka	1
Sweden	7
Switzerland	1
Taiwan	6
Trinidad & Tabago	2
Uganda	1
United Arab Emirates	2
Venezuela	1
Zambia	1

EVALUATION STUDIES

Mr. Stokes: You are requesting $500,000 for an evaluation of postsecondary educational opportunities for the deaf in 1991. Has such an evaluation been conducted before?

Mr. Vader: To our knowledge, there has not been a comprehensive evaluation of postsecondary educational opportunities for persons who are deaf. The study would gather baseline data on the deaf population that would qualify for entry into postsecondary institutions, the attendance trends of this population, factors contributing to choice of postsecondary institution, and demographic, academic, and functional data related to this population. This study would examine the reasons why deaf students choose particular types of institutions in an effort to assess the appropriate role for Federal assistance in this area.

Mr. Stokes: Your justification states that this special line item is necessary because it is not possible to conduct a large-scale study of this type with general Departmental funds. Please explain this. Could this study be funded under the Department's research and statistics budget?

Mr. Vader: Section 405 of the General Education Provisions Act, which authorizes the research activities carried out by the Office of Educational Research and Improvement, is broad enough to cover such an evaluation. However, this authority is most often used for research related to general educational issues. Where separate authority exists for research that is closely related to the purpose of a particular Federal program, it has been our practice to request funds under that specific program authority. Only 17.3 percent of the research and evaluation funds requested for the Department for fiscal year 1991 would fall under the section 405 authority. In addition, historically, there has been very little money available within the research and statistics account beyond that needed to comply with statutory mandates. While the Department has requested an increase for research, this study was not included in that request. The Department would not be able to support a study of this magnitude without the addition of specific funds for this purpose.

CONSOLIDATED ACCOUNT

Mr. Early: The Administration is requesting language changes to create one account for "Special Institutions for the Handicapped." Why is this change being proposed?

Mr. Vader: The three institutions all enjoy a similar special relationship with the Federal Government. A single account would simplify budget presentation, analysis, and administration. One account makes it easier to coordinate policy concerns which relate to all three institutions. It also ensures that the three remain together for purposes of administration.

Mr. Early: Won't this make these separate institutions vulnerable to reprogramming requests and complicate planning at the individual institutions?

Mr. Vader: There is no conceivable way this change could affect the internal planning processes at any of the institutions. The institutions each have their own methods for developing and implementing their budgets. The consolidated account only makes it easier for the Department to analyze and present the requests once the institutions have submitted them. Each institution would still receive allotments from the Department in exactly the same way they currently receive them. Regarding reprogramming, each institution is still separately identified as an activity in the appropriation request. The Department cannot reprogram between budget activities without the express permission of Congress.

Mr. Early: If there is a sequester on fiscal year 1991 appropriations, how would that effect one "Special" account as the Administration has requested, compared to three separate accounts as the current language provides?

Mr. Vader: The effect would be the same as for three separate accounts. All earmarked activities within an account are affected in the same manner as separate accounts. The Department does not have discretion to distribute sequester-related reductions among earmarks within an account.

MONITORING AND EVALUATION RESPONSIBILITY

Mr. Early: The Education for the Deaf Act of 1986 (EDA) gave the Department of Education increased responsibility for monitoring and evaluating Gallaudet and the National Technical Institute for the Deaf (NTID). What specific changes or problems has the Department made or found since taking over this responsibility?

Mr. Vader: The Department made several changes following the passage of the EDA. The most significant of these was the transfer of programmatic responsibility for these accounts to the Office of Special Education and Rehabilitative Services (OSERS). The Assistant Secretary for OSERS has established a separate liaison officer position for the Special Institutions for the Handicapped in response to provisions of EDA. This person has lead responsibility for programmatic oversight of Gallaudet, NTID, and the American Printing House for the Blind. The current individual selected for this position is a deaf person with a strong background in rehabilitation, special education, and administration.

In terms of problems, the Department has identified a number of concerns related to these institutions. They include research coordination, salary levels, the continuation of the tuition parity agreement, appropriate charges for foreign students, and accountability for funds. We have begun to request more specific budget data and have initiated several small studies related to the institutions. Additional evaluation activities are being planned to obtain better information on the planning and budget processes of the institutions. The Department is working with the institutions to address these concerns.

EFFECT OF SEQUESTER

Mr. Early: What impact did the sequester have on the individual institutions?

Mr. Vader: The sequester, which came to under 1.4 percent for these accounts, in total, still left each institution with a significant increase above the 1989 appropriation level. APHB received an additional $318,000 or 5.9 percent increase. NTID received an increase of $1,256,000 or 3.8 percent for operations, $124,000 or 63 percent for endowment, and new monies of $476,000 for construction. Gallaudet received an increase of $1,647,000 or 2.5 percent for operations, and a $2,000 or .2 percent reduction in endowment funds. According to the institutions, this resulted in a decline of 1.5 cents in APHB's per student allotment and a smaller purchase of new equipment and less of an increase in outreach activities at NTID. Gallaudet offset the reductions with the elimination of two vice president level positions and reductions in support positions which were already planned by the University.

SALARY INCREASES

Mr. Early: How much of an increase in salaries is requested in the Administration's fiscal year 1991 request?

Mr. Vader: An increase is being requested for each institution. The amount of the increase devoted to salaries varies for each institution, depending upon their request. APHB's salaries are not tied to the appropriation. NTID is planning a 5.5 percent and Gallaudet a 5 percent general increase in salaries, plus merit increases and promotions. Increased funds are built into the requests for projects and priorities in addition to the amounts requested for salaries.

WEDNESDAY, FEBRUARY 21, 1990.

GALLAUDET UNIVERSITY

WITNESSES

I. KING JORDAN, PRESIDENT

MICHAEL E. VADER, DEPUTY ASSISTANT SECRETARY FOR SPECIAL EDUCATION AND REHABILITATIVE SERVICES

CAROL A. CICHOWSKI, DIRECTOR, DIVISION OF SPECIAL EDUCATION, REHABILITATION, AND RESEARCH ANALYSIS, OFFICE OF PLANNING, BUDGET AND EVALUATION

Mr. NATCHER. We now take up the budget request for fiscal year 1991 for Gallaudet University. We have before the committee our friend and colleague from Wisconsin, who is not only very concerned about the requests for Gallaudet University, but is also concerned about health and education for the people of this country.

Before turning to President Jordan, Mr. Gunderson, we will be pleased to hear from you.

Mr. GUNDERSON. Mr. Chairman, it has been perhaps the highest reward I have had as a Member of Congress to be made one of the two congressional trustees to Gallaudet; Congressman Dave Bonior is the other. Both of us have found this not only a mission of love, but of high rewards as we have been able to work with King Jordan, making it not only a college but also a university and making it a leader throughout the world.

I also want to introduce to you and to Mr. Conte the Chairman of the Board of Trustees, who is also here, Phil Bravin from New York. He is a typical Chairman of the Board of Trustees who spends more time donating his work than he does earning his pay in his private sector job.

With that, let me turn over this request for our budget to King Jordan. I believe I and Dave Bonior, during the day of testimony from members, would like to come back to you with our personal thoughts.

Mr. NATCHER. Thank you, Mr. Gunderson.

Dr. Jordan, it is a pleasure to have you, and we will be pleased to hear from you at this time.

Dr. JORDAN. Thank you very much, Mr. Chairman. Thank you, Congressman Gunderson, I appreciate your kind words.

Mr. Chairman, I have a lengthy opening statement that I would ask be entered into the record, and I will make a brief oral statement.

ACCOMPLISHMENTS IN FISCAL YEAR 1989

Mr. NATCHER. It will be entered into the record, and we will be pleased to hear from you.

Dr. **Jordan**. I am delighted to be here. This is my second year as President of Gallaudet University and my third time before your committee. If I may speak to one point about Gallaudet in those two years, instead of the momentum slowing down, if anything it speeded up. Things continue to happen at a very, very rapid pace.

We continue to report a number of significant firsts. For example, during the summer of this year, we hosted the Deaf Way Conference, bringing more than 5,000 people together from 80 different countries.

U.S. News and World Report recently ranked Gallaudet University as number one for faculty, number one for academic reputation, and number two for overall liberal arts colleges in the East. During the year, we appointed four new members on the Board on which Congressman Gunderson is an active participant. They include a businessman from the Washington, D.C. area who manages a multi-million-dollar computer software corporation, a CPA partner from a firm in California, a Director of research and development in Arkansas and an internationally-known linguist.

All four also happen to be deaf people. We believe by appointing these four people, we are complying with the recommendation that Gallaudet ultimately achieve a deaf majority on the Board of Trustees. At the same time, we have implemented a number of other recommendations from the Commission on Education of the Deaf, including better focused outreach programs.

We have submitted detailed research plans to the Department of Education, and we have increased the tuition charge to international students. During the last year, I implemented a major reorganization at Gallaudet University that resulted in the reduction of staff and the elimination of two vice president level positions.

This will lead to a much less centralized administrative structure and management style. I also recently announced to the campus that we will reduce staffing by 2 percent per year for the next 5 years.

BUDGET REQUEST FOR FISCAL YEAR 1991

Gallaudet is an exciting place to work. With the continued support of both the Department of Education and the Congress, we know that we will be able to continue to carry out our mission and achieve our goals. I testify in full support of the Administration's budget. The total budget request, as you know, is $74,047,000.

That includes an increase for operations of $3,890,000, a $14,000 increase in the endowment matching grant, and $2,500,000 for construction. The increase in operations will enable us to continue to compensate our faculty and staff at competitive levels. It will also enable us to implement new programs in areas that we have identified as priorities.

The $14,000 increase in the endowment challenge grant will bring us back to the $1,000,000 level. That grant has given us the opportunity to increase our private giving significantly. We were able to match it each of the first two years. We have already raised enough money to match it for 1990, the third year, and if given the dollars in 1991, we will match it this time as well.

We have requested $2,500,000 this year for construction, and we will ask for $2,500,000 for the next two years as well. That money is intended to be used to add significantly needed space by adding onto an existing building, and at the same time, renovating that building. It was constructed in the 1950s and has never undergone any change since that time.

Mr. Chairman, I thank you for the opportunity to make this statement and to testify before you. I would be happy to respond to your questions.

[The information follows:]

DEPARTMENT OF EDUCATION

Statement by

I. King Jordan
President
Gallaudet University

Mr. Chairman and Members of the Committee:

I am very pleased to come before you today at the end of my second year as President of Gallaudet University. This year has been one of accomplishment for Gallaudet and for the world deaf community. In July, we sponsored the Deaf Way, an international festival and conference on the language, culture, and history of deaf people. This conference, which focused on the accomplishments of deaf people rather than on the limitations of deafness, attracted more than 5,000 people from 81 different countries. These people attended lectures, workshops, and theatrical and other presentations during the week-long event. The University was able to attract substantial private funding to support the Deaf Way, and I believe that the event has made a significant contribution to the development of the deaf community, both in the United States and throughout the world.

I also come before you today to reaffirm my belief that, with the cooperation and support of the Congress and the Department of Education, we will continue to be able to achieve our goals and fulfill our mission. That mission continues to be to provide the best possible higher education to deaf students in our university programs, to provide the most innovative and effective national demonstration programs in our elementary and secondary schools, to be a world leader in research related to deafness, and to conduct outreach and advocacy programs to enhance the lives of deaf people of every age and to increase their potential and level of participation in American society.

Budget Request for Fiscal Year 1991

I testify today in full support of the Administration's budget request for Gallaudet University. The budget request of $74.047 million for Gallaudet University includes an increase for operations of $3,890,000. These funds will be used for compensation improvements. In addition, we will be establishing or continuing development of several new instructional programs. Also requested is an increase of $14,000 in the endowment matching program that would bring it to $1 million. Finally, $2.5 million is requested for construction.

The level of funding proposed in the request, together with projected increases in nonappropriated revenue and the continuing introduction of efficiencies, will allow us to continue moving toward our goal of making our faculty and staff compensation programs competitive with local and national markets and to establish or expand some long awaited and much needed new programs. In particular, we have initiated new graduate programs in clinical psychology and social work, and these will be fully funded in 1991. Program development for the Ph.D. in clinical psychology is proceeding with a start-up date of the fall of this year. In addition, we are initiating a new Ph.D. program in the education of the deaf. Finally, we will be establishing a Center for Excellence in Learning and Teaching and other programs to improve the assessment of student performance and to enhance the professional development of faculty and staff. The funding level proposed in the President's fiscal year 1991 budget will allow us to launch or expand these programs as well as to provide needed improvements in our faculty and staff compensation systems.

I testified last year that we have been working to implement recommendations of the Commission on Education of the Deaf. In particular:

1. Our Board of Trustees has adopted a resolution that will lead to a deaf majority on the Board, and we have added four new members during the past year, all of them deaf;

2. We have increased the tuition surcharge for international students;

3. We have developed detailed research plans and have submitted them to the Department of Education for review; and,

4. We have improved the outreach and dissemination activities of our pre-college programs.

Reorganization

During the past year, we completed a reorganization designed to increase the responsibility of the chief academic officer, the Provost, enhance the status of the chief development officer, and reduce the number of senior administrators. As a result, two vice presidential positions were eliminated and the number of people reporting to the President was reduced. In addition, we have initiated a plan to reduce overall employment by 2 percent a year for the next five years, thereby increasing efficiency while ensuring our ability to maintain a competitive compensation system. Finally, one of my highest priorities is to increase our level of support from the private sector. Due to increased revenue from grants and contracts, gifts and private grants, endowment, and contributions to the Deaf Way, we were able to reduce our dependence on the Federal appropriation from 75 percent of funding from all sources in fiscal year 1988 to 72 percent in fiscal year 1989.

University Programs

The focus in our University program in fiscal year 1991 will again be upon excellence and productivity--excellence in teaching and student performance and productivity in the lives of our graduates. In order to promote this objective, as I stated earlier, we will be establishing a Center for Excellence in Learning and Teaching. This Center will draw together resources from around the University dedicated to the support of quality instructional programs. At the same time, various other units at the University will be initiating or expanding efforts to improve student assessment and professional development for faculty and staff.

In addition, the Master of Social Work program, established in the fall of 1989, will train much needed professionals to supply social services to deaf people. This program is now in partial operation. Additional funds will be applied to make this program fully operational in 1991. Gallaudet will continue development of a Ph.D. program in clinical psychology in order to meet the needs of deaf and hard of hearing people in the area of mental health services. The program has been partially funded and will be launched in the fall of 1990. Our faculty has also identified the need for a terminal degree program for educators of the deaf and plans for this program are under development.

In the areas of research and outreach, I am committed to programs designed to meet the needs of expanding constituencies. Gallaudet will continue to seek funding for expansion of these programs from than Federal appropriations. However, I believe that in order for Gallaudet to maintain quality programs in these areas on an ongoing basis, we need to retain a funding base anchored in our appropriation.

Model Secondary School for the Deaf and Kendall Demonstration Elementary School

A unique feature of Gallaudet University is the existence of its two pre-college programs--the Model Secondary School for the Deaf (MSSD) and the Kendall Demonstration Elementary School (KDES). Both schools continue to develop exemplary instructional programs, conduct research, and develop and disseminate materials for both mainstream and special school settings. During fiscal year 1989 and continuing into fiscal year 1990, the pre-college programs are focusing on their dissemination and outreach activities. These efforts include expanded market research, development of new brochures and catalogues, and appointment of a Director of Outreach Services. During fiscal year 1990, we will be implementing enrollment plans to guide the development of the schools in 1991 and beyond.

Endowment Matching Program

Under my administration, Gallaudet remains committed to increasing the proportion of funding that comes from sources other than the appropriation. The endowment matching program has proved very useful to us in convincing potential donors to support the University financially. During the first two years of its existence, we were able to match the available funds and have already nearly matched the full amount for fiscal year 1990. We look forward to the continuing challenge of increasing our endowment funds.

Construction

During the past fiscal year, the University completed a space utilization and facilities planning process that identified a critical need for renovating and expanding the largest classroom building on the Kendall Green Campus. This is the Hall Memorial Building, which was built in 1958. The building has been deteriorating and is in need of major renovation. In addition, the space utilization study identified the need for additional space to house the Gallaudet Research Institute and the expanding graduate programs in Psychology and Social Work. The total amount needed for these improvements is $15 million over a three year period. We are committed to raising half of the funds needed to effect these improvements in our facilities and have requested support from the Federal Government for the other half.

Mr. Chairman, I thank you for this opportunity to come before you today, and I welcome your questions.

DEPARTMENT OF EDUCATION

Special Institutions for the Handicapped
Gallaudet University

Biographical Sketch

NAME	: I. King Jordan
POSITION	: President, Gallaudet University
BIRTHPLACE AND DATE	: Glen Riddle, PA - June 16, 1943
EDUCATION	: University of Tennessee, 1973, Ph.D. Psychology University of Tennessee, 1971, M.A. Psychology Gallaudet College, 1970, B.A. Psychology
EXPERIENCE (Gallaudet)	
Present	: President, Gallaudet University, Washington, D.C.
1986-3/7/88	: Dean, College of Arts and Sciences
1983-1986	: Chair, Department of Psychology
1982-1988	: Professor of Psychology
1977-1982	: Associate Professor of Psychology
1973-1977	: Assistant Professor of Psychology
HONORS AND AWARDS	: Faculty Member of the Month, Gallaudet University Student Body Government, 1987. United States Comptroller General's Award, 1987. Outstanding Young Men of America, 1975. National Defense Act, Title IV Fellowship, University of Tennessee, 1973. University of Tennessee Non-Service Fellowship, 1971. Graduated "With Distinction," Gallaudet College, 1970 Phi Alpha Pi Honorary Society, 1969.

REORGANIZATION

Mr. **Natcher**. Thank you, Dr. Jordan.

As you know, Gallaudet recently had a reorganization that consolidated a number of programs and reduced the number of Vice Presidents from five to three. The justification also indicates the total number of employees is expected to decrease by 37 between 1989 and 1991. Dr. Jordan, what prompted these reorganizations?

Dr. **Jordan**. I would like to answer first by saying that the decision to do that was completely mine, an internal decision. There was no pressure from outside in any way for me to do it. It was done only after a very careful study of staffing and the overall organization.

STAFFING REDUCTIONS

We are very much aware that the Congress is faced with a very serious problem in reducing the overall deficit in the United States budget. We are trying to do what we can to help in that regard.

We believe honestly that we will see a significant improvement in the flexibility of the budget within Gallaudet if we can reduce the number of staff positions. Sometimes there is no discretionary money for new programmatic initiatives because staff compensation ties it up. We expect only positive results.

I anticipate we will be able to realize the reduction in current positions simply by monitoring, when someone leaves Gallaudet, whether or not we need to hire another person to fill that position. I believe we can do this by attrition and resignations.

Mr. **Natcher**. Will services to students be reduced in any way?

Dr. **Jordan**. Not at all. We don't intend for any reduction in services. We may reprogram some services, but there will not be any way in which services to students suffer.

FOREIGN STUDENTS

Mr. **Natcher**. The Department states that it is in favor of a tuition surcharge of 135 percent for foreign students. This is what the land grant colleges and State universities charge out-of-State students. Do you think this rate is reasonable, Dr. Jordan?

Dr. **Jordan**. No, sir, I don't. I think the 135 percent surcharge is the correct figure based on the average of public universities and colleges; however, if you look at our tuition for U.S. students, it is among the highest of the land grant colleges and universities.

We arrived at that level at the urging of the Department of Education and the Congress. Because of our tuition base, if you look at the dollar amounts, we may be already charging our international students more than or close to the average dollar amount charged by land grant colleges and State universities, when the 50 percent surcharge is added.

Mr. **Natcher**. The estimate is that the number of foreign students at Gallaudet will decrease from 301 in 1990 to 250 in 1991. Is this the result of tuition surcharge?

Dr. **Jordan**. The 1991 projection was not based on the surcharge, but I believe that there is no question that the surcharge may hurt in some cases. Students who come to Gallaudet sometimes come from very poor countries. It is too early for us to recognize what the implications of the recently reinstituted 50 percent surcharge will be. However, I can tell you that a number of the students who come without financial aid from their country really struggle to pay the tuition.

Mr. NATCHER. As you know, foreign students represent about 13 percent of Gallaudet University's population in 1990. Do you think this is too high a proportion, and further, should there be a cap on foreign enrollment?

Dr. JORDAN. One thing I would respond with is the fact that we have never denied enrollment to a qualified American student because we were full with foreign students. That has never happened. I would say that the 13 percent represented by international students enriches Gallaudet's environment. The diversity of life experience and cultural backgrounds that these people bring to Gallaudet University is wonderful. I would be reluctant to suggest a quota or a cap.

Mr. NATCHER. What countries are most heavily represented in the Gallaudet student population at this time?

Dr. JORDAN. We have students attending Gallaudet from more than 50 different foreign countries. I believe the country with by far the most students would be Canada, because of the proximity, the ability to afford the tuition, and the fact that they share English as their language.

CONSTRUCTION REQUEST

Mr. NATCHER. Gallaudet is requesting $2,500,000 for construction in fiscal year 1991. The justifications indicate that construction funds are requested because of overcrowding. But overall, our records indicate that enrollment in Gallaudet is decreasing.

Why do you need more classrooms if the number of students is declining?

Dr. JORDAN. The number of students at the university level is pretty much the same as it has been for the last couple of years. The expansion that we are talking about is programmatic expansion. We are not talking about seeking new bodies or students to attend Gallaudet. We decided to add space after a very, very careful analysis that was done by an architectural firm here in Washington.

The primary beneficiaries of the new space will be research programs and the clinical psychology program that we have just established. The renovation will enable us to pull together all the College of Arts and Sciences programs in one place, which will include the teaching and learning center.

Mr. NATCHER. Total construction costs are estimated at $15 million over three years. Gallaudet is proposing to finance half of this total. Tell the committee how you will match the Federal funds. How will you bring this about?

Dr. JORDAN. First, I would like to respond by saying that the decision to renovate and expand is an essential decision. It is very important that we have the new space, and we have the repaired facility. We will try to match with private giving.

We have established a priority of approaches to doing that. First, we will seek new private money to match the $2,500,000. If we cannot raise the private money, then we would look at deferred maintenance money.

For a number of years, we have put aside some of our nonappropriated revenue for deferred maintenance. We do this in accordance with NACUBO guidelines. It is a highly recommended strategy. A big part of the work on the building will be windows and heating and air conditioning, which will actually be deferred maintenance.

We have had some bankers and investment people come to Gallaudet and explain to us the ways in which debt financing would work. It seems likely if we needed to incur debt, we could do so. But currently Gallaudet University is completely debt free, so I would hope we would not have to go that way.

Mr. NATCHER. Doctor, according to our records enrollment will be down about 5.5 percent, down to about 2,250. Are those figures correct?

Dr. JORDAN. They are estimates, sir, but if that question is in reference to the space, we are not talking about dormitory space. We are talking about a facility named the Hall Memorial Building that was built in the 1950s. It is a disgrace. It was not designed for deaf students. It was simply thrown up as a classroom building. It is not an appropriate facility for achieving excellence in education.

Mr. GUNDERSON. I was one of the board who strongly encouraged the president of going with the idea of demolishing the building and going ahead with a new one. He has convinced me, as the architectural firm has, that we can save money by gutting the building.

I toured the building. It is in terrible shape.

SALARY INCREASES

Mr. NATCHER. For the past two years you have proposed using the bulk of the appropriation increase for salaries. What was the average increase in salaries in 1989 and 1990 and what increase is estimated in 1991?

Dr. JORDAN. The way in which we compensate our faculty and staff is by analyzing comparable compensation rates at area colleges and universities. We try to achieve parity with those local institutions.

The increase that was awarded last year to faculty and staff was a five percent increase. There were additional increases for merit and promotion, but the average was five percent. The average increase the year before was seven percent and 5 percent is proposed for 1991.

Mr. NATCHER. Mr. Conte, I yield to you.

Mr. CONTE. Thank you Mr. Chairman. Dr. Jordan what portion of the new request will be used for salaries?

Dr. JORDAN. I would have to sit down and analyze the number. I would say the majority of it will be used for salaries. I can give you a specific answer for the record.

[The information follows:]

SALARIES AS A PERCENTAGE OF TOTAL INCREASE

Gallaudet University plans to use $2,915,000 of the overall increase for compensation increases. This is equivalent to 45.5 percent of the total increase proposed in the

President's Budget. However, the total increase includes funds designated for construction and endowment. The funding for compensation increases represents 74.9 percent of the $3,890,000 increase requested for operations.

COMPARATIVE FACULTY SALARIES

Mr. **Conte**. Do you think that with the 3.9 we gave you last year, and what is in this budget this year, you will be able to draw from top notch faculty with the pay scale that you have?

Dr. **Jordan**. We remain competitive. At the beginning of the year we projected what the area salaries would be and aimed for the average. Last year it was sixth out of eight. I don't believe we have the actual data yet from this year's salaries, but we are competitive, yes, sir.

Mr. **Conte**. Good.

Gallaudet is a very unique university because of its unique student population and special location and tradition. The location is a blessing, and it is a curse also. It is a blessing because you have easy access to the Congress and the Department of Education, and a curse because we can haul you up here at any time we want.

Seriously, Dr. Jordan, it is a pleasure to have you back before this committee. This is your third time here as the first deaf president in the history of the world's first collegiate program in for deaf students.

You started at Gallaudet under some very unusual circumstances. How are things going in general?

Dr. **Jordan**. As I said in my opening remarks, sir, they are still on the move. I said at the beginning, personally, that there were a number of things I would like to do when things settle down. They have not settled down and I don't expect them to. Things are going fine at Gallaudet. We really believe that we are moving ahead.

PRE-COLLEGE GRADUATES IN POSTSECONDARY PROGRAMS

Mr. **Conte**. The Chairman asked you about the enrollment trend. How many students in your precollegiate programs are seeking additional schooling?

Dr. **Jordan**. The number of students from our precollegiate programs that go on to post-secondary educational opportunities is very high. I will have to get the specific percentage for the record, but I can tell you more than half continue on to the postsecondary level.

[The information follows:]

Pre-College Graduates in Postsecondary Programs

The number of students from the Model Secondary School for the Deaf continuing their education after graduation is very high. Currently, 78 percent of graduates from the Model School go on to some form of postsecondary education.

ENROLLMENT TRENDS

Mr. **Conte**. There is a drop in the enrollment. We are over the rubella peak, but lets assume the university went to full capacity. Do you have a contingency plan in place?

Dr. **Jordan**. In the event that should occur, I would prefer to go with a plan of increasing standards. We have been able to, in the last two years, raise the admissions standards quite a bit. I would like to see us do that even more in the future.

If we reach a point where we are full, then I would prefer that we are full with the best possible students.

SKILL LEVEL OF APPLICANTS

Mr. CONTE. Given the changes in public schools due to achievement in the recent years, have you noticed changes in the academic skill level in the students applying for entrance into Gallaudet?

Dr. JORDAN. I have noticed an increase in the reading level and the achievement scores of people applying. I don't know whether that means the students are better or the applicants are, but we have better students applying and enrolling.

STUDENT RETENTION LEVEL

Mr. CONTE. How about the retention level?

Dr. JORDAN. That is one of my primary concerns. We are getting better retention now but not nearly as much as I would like it to be in the future.

The mission of Gallaudet is to provide a collegiate education to as many deaf people as possible. Frankly, we admit "at risk" students and we will continue to admit at risk students because this may be the only liberal arts opportunity that they have. We believe with our new center on learning and teaching, we will be better able to support them to help them persist to graduation.

Mr. CONTE. What is your retention rate?

Dr. JORDAN. We estimate that our retention rate from entering students through graduation is around 40 percent.

SALARIES OF GRADUATES

Mr. CONTE. What are you doing to assure your graduates become productive citizens? What about their salaries? How do they compare with other graduates?

Dr. JORDAN. They compare very well. We have a high placement rate and a high percentage of graduates who go on to postgraduate study.

We prepared a study of the 1988 class. Their average beginning salary was about $15,000. This compares well with other colleges and universities.

We recently established a management institute that goes one step further and attempts to provide workshops and educational materials to people in the profession, people who have finished at Gallaudet and are out in the business world, to get continuing education.

STUDENT LOAN DEFAULT RATE

Mr. CONTE. What is your loan default rate?

Dr. JORDAN. I cannot quote that. I cannot tell you what it is. I will get it for the record, but I don't know the answer to your question.

[The information follows:]

STUDENT LOAN DEFAULT RATE

Gallaudet University maintains a default rate of 12.4 percent for the Gauranteed Student Loans program. This compares favorably to the national average of 17 percent. However, this figure includes proprietary schools and public and private two year technical and community college programs. The average for four-year public and private colleges and universities is seven percent. Gallaudet's default rate for the Perkins Loans Program (formerly National Defense Student Loans program) is 7.98 percent.

MENTAL HEALTH PROGRAMS

Mr. CONTE. All right. You mentioned a new masters degree program in social work (MSW) was recently started at Gallaudet and a clinical work in psychology is scheduled for next fall. How do these programs fit in with the overall plans for Gallaudet?

Dr. JORDAN. The two new programs are specifically mental health programs. Mental health is among my highest priorities. We have a specialist degree program in school psychology. That is between a masters and a Ph.D. degree.

We have a masters level program in mental health counseling. With the addition of the MSW and a Ph.D. in clinical psychology, we will have a comprehensive mental health program.

We are studying the establishment of a community counseling center that we hope will be a model for community counseling of the deaf all over the United States. This will be the first of its kind for deaf people and will include social work, counseling, and psychological services.

ENDOWMENT FUNDS

Mr. CONTE. What is the status of Gallaudets endowment fund? How much do you have?

Dr. JORDAN. The market value of our combined endowment funds is a little more than $21,000,000. We are very happy with that.

HEARING STUDENTS

Mr. CONTE. That is very good. If you keep doing so well we will have to get you up here to manage our budget.

In 1988 the Commission on Education of the Deaf recommended that Congress prohibit you or the school from enrolling hearing students. Last year you were questioned by this committee about the nonhearing-impaired students enrolled at Gallaudet.

What thoughts do you want to share with us about the enrollment of hearing students at Gallaudet?

Dr. JORDAN. We have not admitted any new hearing students in the baccalaureate program. We believe the program started several years ago was designed to provide educational opportunities for students who would work in areas that would later serve deaf people. However, we saw it as a multiplier type of thing that was not a subsidy for hearing students.

We opposed the Commission on Education of the Deaf's position on that.

EXCELLENCE IN EDUCATION

Mr. CONTE. The theme of excellence in education has become the rallying cry throughout the land. In addition to things you have mentioned here today what else are you doing to increase the level of excellence at Gallaudet?

Dr. JORDAN. A number of important programs are included in the 1991 budget request that will help to lead to excellence. In addition to the Center for Excellence in Learning and Teaching already mentioned, the request includes funds for professional development for faculty and staff and the assessment of student outcomes.

We have established an assessment program at our Northwest campus for preparatory students. We plan to expand that to the rest of the university. We are confident that with additional professional development opportunities and a very careful assessment of outcomes and modifications of programs to fit with those outcomes, we will achieve excellence.

Mr. CONTE. Thank you.

Mr. NATCHER. Mr. Early?

RECRUITMENT ACTIVITIES

Mr. EARLY. President Jordan, we want to welcome you back.

Mr. President, how does Gallaudet disseminate information about its programs to the high schools throughout the country?

Dr. JORDAN. To high schools, we have an Office of Admissions and Enrollment Services that has, as part its duties, a recruiting section. We have two recruiters who travel around the country and a number of publications we disseminate around the country.

You may know, as recently as five or six years ago, the enrollment at Gallaudet was comprised mostly of students from residential schools for the deaf. Now, it is about half students from mainstream programs.

We are making a special attempt to focus on mainstream programs this year. We have hired a Hispanic woman who is deaf and speaks fluent Spanish and English and also signs. We have targeted the States that have the largest bilingual Spanish and English communities for her to travel through and disseminate information.

OUTREACH BUDGET

Mr. EARLY. Are you satisfied with the outreach monies in this budget or do you think that is something we should be doing more of?

Dr. JORDAN. We developed a list of priorities just last month at Gallaudet University. We pulled together a group of people, including faculty, staff, and students from all over the campus. Included among our priorities was outreach and advocacy. We believe that the budget request is sufficient and very fair. We may have to rechannel some of the monies within the university, but we think the request is very fair.

FUNDRAISING

Mr. EARLY. Are you a typical college president in that you spend 90 percent of your time fund-raising?

Dr. JORDAN. I was told recently that the university president is a guy who dresses nice and begs for money.

Yes, I spend a great deal of my time fund-raising. That is one of my highest priorities, trying to raise money. I spent last week in Florida going from house to house. That will continue to be one of my priorities.

ENTRANCE EXAMINATIONS

Mr. **Early**. Mr. President, you mentioned to Mr. Conte that you were raising your admission standards for the incoming students. Is there a college entrance exam similar to college boards or is it a language standard or what are those standards?

Dr. **Jordan**. The Scholastic Aptitude Test administered by the Educational Testing Service in Princeton is typically used as an admission test at colleges and universities around the country.

There is a special test which we use called the Stanford Achievement Test—Hearing Impaired (SATHI). We use this test regularly, as a substitute for the SAT, to help us make decisions on who to admit.

The scores of applicants on this test have increased over the past two years.

Mr. **Early**. Are you satisfied that students throughout the country who have a hearing problem are familiar with the SATHI?

Dr. **Jordan**. No, I am not. The schools for the deaf and the larger mainstream programs are very familiar with the SATHI. As mainstreaming becomes more and more an option in placing students, you often see only one or two students in a school system who are hearing-impaired. In that case they may not be familiar with it.

COMPUTER USE AT GALLAUDET

Mr. **Early**. Most of the schools I talk to are unable to keep up with high technology and believe there is not enough computer equipment available to them.

Are you satisfied that Gallaudet is keeping with its computer systems? I would think Gallaudet is a little unique and should look at spending more than double what they currently spend on computers?

Dr. **Jordan**. I believe we are really leaders when it comes to technology and computer use in higher education. We have a very sophisticated mainframe computer system. We have literally hundreds of personal computers throughout the campus. We have computer terminals in each of the dormitories.

Since last year, student-use of the mainframe computer has approximately doubled to about 1500 students who regularly use it, particularly because of the addition of electronic mail and computer bulletin boards. We have a computer conferencing system where students can look in and exchange ideas about topics that concern them, about anything, someone will set up a conference. It is fascinating to read how much information is in there.

Sometimes I work late at night and I may log into the computer at midnight. At that hour, there are still 100 or 150 people using it.

Mr. **Early**. Computer technology changes so rapidly. Are you satisfied that you are staying up-to-date with this budget? I don't think you should suggest in developing this budget that you have all the tools necesary.

I sit here and say they have a nice budget, they are doing all right.

Dr. JORDAN. We are at the point with our mainframe computer where we are almost to maximum usage. Mr. Paul Kelly, my able administrative vice president is investigating what the next generation will cost Gallaudet. But we are not ready to move to the next generation of computers now.

As you know, it takes a great deal of time to make a decision about what the entire university computing system will be like. We are studying that and may come back next year and ask for it.

Mr. EARLY. Another college president tells me what they need most is money for computers. You have much more of a need at Gallaudet for computers. All my schools, Harvard, Holy Cross, they are computerizing, making almost every student an expert in the use of computers.

But at Gallaudet, I would think you would be twice as aggressive with computers. I can even spell with computers today. You just type in a word and it tells you if it is spelled correctly or not.

Dr. JORDAN. You are absolutely right. The use of computers, sir, with deaf individuals gives us an opportunity to be absolutely equal communication partners.

One of the things I do in my office is use computer mail and phone to communicate with people on campus and communicate with people all over the country. I received the other day a message from the president of Reed College who just happened to notice my name in a magazine article, and he sent me a question.

When I want to communicate with students, I can send a message on the computer. If the students go out into the world and are knowledgeable about COBOL, for example, they have a leg up.

If the committee were to grant me $2,000,000, I would go to the next generation of computers. However, we need time for planning because we want to be sure this is a cost-effective decision. I am sorry if it seems I am not interested in or receptive to suggestions that we could use more. Yes, we always could use more. I am responding to the budget request which is a very favorable request for Gallaudet.

We will be working and studying hard on the computer question.

STAFFING REDUCTIONS

Mr. EARLY. The reductions you mentioned before were administrative. Were there any reductions in faculty positions?

Dr. JORDAN. Elimination of faculty positions? No, we don't intend to eliminate positions. We intend to not fill positions as they became vacant.

Mr. EARLY. Are you going to eliminate teaching positions as they become vacant?

Dr. JORDAN. Yes, sir. If it is determined that a teaching position becomes vacant that is no longer necessary, then we would eliminate that position.

STUDENT/FACULTY RATIOS

Mr. EARLY. Finally, will you supply for the record your teacher ratio, teacher to student ratio. What it has been for the last three years and what you think would be the ideal student to teacher ratio? Also what your faculty teaches in hours per week?

Don't do such a good job in justifying this budget.

Thank you.

[The information follows:]

STUDENT-FACULTY RATIOS

Program	School year—		
	1988–89	1989–90	1990–91
University programs	9.2:1	9.1:1	9.0:1
Model Secondary School for the Deaf	4.4:1	4.1:1	4.3:1
Kendall Demonstration Elementary School	4.4:1	4.1:1	4.3:1

The most recent figures available on faculty workload are for school year 1988–89. For that year, the University estimates that faculty were responsible for an average of 10 credit hours per semester. This level has been relatively constant over the past three years, and Gallaudet feels it represents an appropriate workload. The University also believes that resultant student/faculty ratios at all levels are currently in the ideal range to promote learning and social skills.

MINORITY STUDENTS

Mr. NATCHER. Mr. Stokes, I yield to you.

Mr. STOKES. It is nice to see you again.

Can you tell me how the university's programs are serving special populations, particularly blacks and Hispanics?

Dr. JORDAN. I believe you are aware of the conference in March 1989 that was called "Black and Hispanic Deaf Students: Is the System Meeting Their Needs?" That conference attracted more than 300 people.

When we saw the level of the response, we decided to repeat it. This year the conference will be in San Diego in April. It will be cohosted by the Council of Educational Administrators Serving the Deaf. We expect an equal number of people to attend. We broadened the focus to include multicultural deaf persons, such as Asian and Native American students.

The other thing we are doing is that we recently established a multicultural affairs officer, a person who will be responsible to see that the diverse cultural needs of the different groups, especially blacks and Hispanics, are met.

I mentioned earlier, I believe, our Hispanic recruiter. We also plan to hire a black recruiter. We are moving to increase our work in many cultural aspects.

EMPLOYMENT OF DEAF PERSONS

Mr. STOKES. The Commission on Education of the Deaf recommended the hiring and promotion of deaf people. Have you taken steps to implement those recommendations?

Dr. JORDAN. Yes. A little more than a year ago I established an affirmative action task force and charged them with developing an affirmative action plan. They have recently given me a draft of the affirmative action plan.

We are currently reviewing it to make sure that we meet all the legal requirements. We expect it will be fully implemented very soon. The percentage of deaf employees has increased since last year. It is now 28 percent. A year ago it was 25 percent. The percentage of minority employees continue to be about 33 percent.

We are proud of those figures, but are not satisfied. We will continue to work to increase them.

EVALUATION REQUEST

Mr. **Stokes.** The Education of the Deaf Act mandates that the Secretary conduct monitoring of the educational programs and administrative operations of Gallaudet. The Commission on Education of the Deaf also recommended such an evaluation.

I understand such an evaluation was undertaken in 1989. Can you summarize the findings of that evaluation for us?

Dr. **Jordan.** In 1989, the Department of Education brought together a panel of experts to outline a plan for evaluating Gallaudet University. I had two criticisms or objections to that plan last year when I testified before this committee. Those objections were that the money to support the plan was placed in the Gallaudet budget, but would be under the control of the Department of Education. Secondly, the plan was narrowly focused only on Gallaudet University.

The Department of Education plans to broaden the scope to include all programs for the deaf. The money requested for 1991 is requested in a separate activity by the Department of Education. The full scale study proposed last year did not take place. The planning study panel of experts met and came up with a list of suggested areas of study. I am much more satisfied with the plan the Department has for 1991.

CONSOLIDATED ACCOUNT

Mr. **Stokes.** The Department is proposing to consolidate three accounts for special institutions—the American Printing House for the Blind, NTID and Gallaudet—into one account.

From your perspective would this be advantageous?

Dr. **Jordan.** My personal position is that it would not. We were established by Congress in 1864. Since that time we have received attention and oversight by Congress. I think that is appropriate. I would prefer to see those accounts remain separate.

FOREIGN STUDENTS

Mr. **Stokes.** Doctor, what percentage of your student body is foreign and can you tell us what countries those students come from?

Dr. **Jordan.** It is about 13 percent of the total student body. They come from 50 countries, all over the world.

Mr. **Stokes.** Will an increase in the surcharge as proposed by the Department effect the number of foreign students that could be enrolled in your college?

Dr. **Jordan.** In my opening remarks, I talked about the Deaf Way Conference and Festival. During that festival, I was approached by people from different countries. A group of people from Bulgaria came to my office saying they would love to send their students, but they could not afford the tuition, even with the current Federal subsidy. Any time the tuition is increased it is likely to have an adverse effect on students who want to come.

HEARING-IMPAIRED EMPLOYEES

Mr. **Stokes**. Doctor, what percentage of your faculty and staff are hearing-impaired?

Dr. **Jordan**. Twenty-eight percent overall.

Mr. **Stokes**. Can you break it down between the two?

Dr. **Jordan**. I can do so for the record. I don't have those records in my head. I know it differs according to job responsibility. I will be happy to submit for the record specific break downs of this data.

[The information follows:]

HEARING-IMPAIRED FACULTY AND STAFF

	Hearing—		Deaf—	
	Number	Percent	Number	Percent
Designated administrators [1]	26	76	8	24
Other staff	789	75	267	25
Subtotal	815	75	275	25
Faculty	270	66	140	34
Total	1,085	72	415	28

[1] This category includes the President's Council, deans, and directors.

Note: These data are current as of February 1990. The figures include regular status, extended temporary status, federally funded, grant, and income supported positions.

MINORITY EMPLOYEES

Mr. **Stokes**. I would also like to have what percentages of both your staff and faculty are minority.

Dr. **Jordan**. I can tell you overall it is 32 percent. To break it down further, I will have to provide that for the record.

Mr. **Stokes**. I would like to have that in the record.

Dr. **Jordan**. Yes, sir.

[The information follows:]

MINORITY STAFF AND FACULTY EMPLOYMENT

	White—		Black—		Asians—		Hispanic—		American Indian—	
	No.	Percent	No.	Percent	No.	Percent	No.	Percent	No.	Percent
Designated administrators [1]	30	88	4	12	0		0		0	
Other staff	630	60	378	36	26	2	21	2	1	
Subtotal	660	61	382	35	26	2	21	2	1	
Faculty	357	87	33	8	9	2	10	2	1	
Total	1,017	68	415	28	35	2	31	2	2	

[1] This category includes the President's Council, deans, and directors.

Note: These data are current as of February 1990. The figures include regular status, extended temporary status, federally funded, grant, and income supported positions.

KDES ENROLLMENT CAPACITY

Mr. **Stokes**. Thank you.

Mr. **Natcher**. Mr. Hoyer?

Mr. **Hoyer**. First, Dr. Jordan, let me congratulate you on the job that you have been doing since you became the president. I think the entire community here and nationally is impressed by your leadership.

Dr. **Jordan**. Thank you. I also would like to thank you for the leadership you have shown on the Americans With Disabilities Act.

Mr. **Hoyer**. Mr. Conte is a very strong supporter of that legislation' and is a cosponsor of the original bill.

Mr. **Conte**. I co-sponsored the original bill with Mr. Coelho.

Mr. **Hoyer**. As we enter into the final months of work on the ADA, your continuing leadership will be critical. As you know, I am very interested in the Kendall Demonstration Elementary School. Can you tell me the availability of slots in both the elementary and the secondary school?

Dr. **Jordan**. Currently, the elementary school has approximately 200 students. The secondary school has 315. The Kendall School is full. We are operating at an appropriate level.

The Model Secondary School for the Deaf has available spaces for students. As you may know, the enrollment has declined over the past few years. There are a number of factors that have contributed to that. We are paying close attention to that.

Mr. **Hoyer**. In terms of the Kendall School, do you have a waiting list?

Dr. **Jordan**. I don't think so. I believe that we are full, but not with a waiting list, or with a very short one.

ELDERLY PERSONS WITH HEARING LOSSES

Mr. **Hoyer**. With our aging population what are we doing with respect to the accompanying hearing loss that the elderly are experiencing?

Dr. **Jordan**. For a number of years, Gallaudet has hosted an elder hostel program for senior citizens with hearing impairments. These are two very distinct groups, older people who are becoming deaf and deaf people who are becoming old. The two are distinct groups.

We try to bring them together to let them enrich each other's lives. It has been a successful program. Last year we had seven sessions during the summer. They include coping strategies for the hard of hearing, a program designed to assist people experiencing hearing loss and their families to learn how to cope, and strategies on how to deal with the hearing loss in daily life.

This May, Gallaudet will hold a conference on hearing loss in elderly people that is called Sound Advice for the Nineties. We will be bringing people in from all over the country, including key leaders in the field of gerontology and audiology. That will be in May.

We hope some staff people from the Congress will be able to come.

SCHOOL OF MANAGEMENT

Mr. **Hoyer**. You mentioned last year that the school of management was one of your fastest growing schools. Can you give us an update?

Dr. **Jordan**. Yes, sir. It continues to grow. It now has an enrollment of about 300. These students are majoring in accounting, general business, economics or entrepreneural studies. We expect it will continue to grow. It is a very attractive field for young deaf people, as it is for young hearing people.

That school was established in 1987. I should also mention the management institute, which provides continuing education for deaf professionals. There are a total of 15 full time equivalent faculty people in the School of Management.

EMPLOYER ACCOMMODATION TO HEARING LOSS

Mr. **Hoyer**. With respect to the ADA, as you know, it requires reasonable accommodations that could be readily achievable to be made for those who have a disability. In terms of your graduates, how willing have you found businesses in accommodating your students?

Dr. **Jordan**. Mr. Hoyer, the best answer I can give is that the biggest accommodation is attitudinal, not physical. The barrier we face is a communication barrier. The specific part of the ADA that focuses on us is Title IV, the telecommunication section. But more important, I think than the physical barrier, is telecommunication and the attitudinal barrier that has existed for years.

One of the best things about the way in which I became president, and the attention that Gallaudet has received and continues to receive, is that it is opening the eyes of people all over the country to the abilities of deaf people instead of the disability of deafness.

We in the disability community try to move the focus from the "dis" over to the ability.

Mr. **Hoyer**. Nobody I think has done that better than you have.

As I said, I think that is one of the reasons we will pass this bill with a big majority. Hopefully, it will take us a long way in supporting the work that you and many others continue.

Thank you, Mr. Chairman.

Mr. **Natcher**. Dr. Jordan, I have a few additional questions that will be presented to you and you will give us good answers for the record.

Are there any additional questions?

Mr. **Stokes**. I have some for the record.

[The following questions were submitted to be answered for the record:]

USE OF ENDOWMENT INTEREST FOR CONSTRUCTION

Mr. Natcher: Will interest income from the endowment fund contribute towards construction financing?

Dr. Jordan: There are two basic categories of endowment income: restricted and unrestricted. The restricted funds have legal restrictions associated with them that require that they be expended only for specified purposes. These funds comprised somewhat more than fifty percent of our endowment income in FY 1989. The unrestricted part of the endowment income becomes part of our general budget, and some of these funds could be allocated to support construction. However, in recent years, it has been our practice to return most of this income to the endowment corpus, which leads to more rapid growth in our total endowments. We believe that this continues to be a sound practice. Whether we consider using endowment interest for construction will depend on the success of our capital campaign in raising other funds to meet our half of the total cost.

ENDOWMENT FUND INTEREST

Mr. Natcher: What is the current balance in the endowment fund, how will this increase in 1991, and how much interest income does the endowment generate annually?

Dr. Jordan: The current market value of all University endowment and similar special funds is approximately $21 million. We expect this to increase by $2 to $3 million in fiscal year 1991. In fiscal year 1989, the total income from endowments was just less than $1 million, slightly more than half of which was restricted. We expect this yield to increase moderately as the endowment fund corpus grows.

Mr. Natcher: What is the current level of interest income available for immediate use?

Dr. Jordan: Our most recent information is for fiscal year 1989. At that time, unrestricted endowment income was approximately $450,000.

SALARY AND BENEFIT LEVELS

Mr. Natcher: Last year you estimated that Gallaudet was probably 6th out of 8 in Washington area schools in terms of overall (faculty) salary compensation. Where does Gallaudet stand now, Doctor?

Dr. Jordan: In fiscal year 1989, we awarded functional increases to all employees of 7 percent plus additional increases for merit and promotion. In 1990, we gave an average increase of 5 percent and are planning to provide another 5 percent increase in 1991. These compensation increases are designed to keep our salary schedule competitive. Despite large increases at the other area institutions, we believe that Gallaudet has continued to maintain its relative position and is competitive in terms of recruitment and retention of faculty.

ENROLLMENT TRENDS

Mr. Natcher: Enrollment at the Model Secondary School continued to decline in 1990. Is enrollment at the High School declining at a faster rate than that at the elementary level or University level?

Dr. Jordan: Yes, it is. Enrollment continued to decline at MSSD for the sixth year in a row. However, we believe that MSSD has reached a stable enrollment of between 300 and 325 students. Enrollment at the elementary level decreased by small amounts over the past several years, but is now relatively stable in the range of 190 to 200 students. Enrollment at the University level surged from 2,287 in 1988 to 2,391 in 1989 due to the increase in awareness of Gallaudet following the demonstrations in 1988. The number declined slightly to 2,373 in 1990, and we believe that it will stabilize in the range of 2,250 to 2,400 students. Gallaudet does not expect significant reductions in enrollment in these programs.

STAFFING IMPLICATIONS OF ENROLLMENT TRENDS

Mr. Natcher: What are the long-term staffing implications if this downward trend persists?

Dr. Jordan: We are currently reducing staff at the rate of 2 percent per year for the next 5 years. I believe that this reduction will be relatively evenly distributed among the schools. In addition, the University began a comprehensive enrollment planning process this fall. As part of this process, we are conducting an in-depth review of pre-college programs with respect to the future of enrollments and programs. We will report to the Department of Education on our conclusions.

MODEL SCHOOL ENROLLMENT PROJECTIONS

Mr. Natcher: The justification indicates that various options for recruitment of secondary students are being considered. In fact, the justification predicts that you will maintain enrollment at Model Secondary School from 1990 to 1991. How will this be possible?

Dr. Jordan: As previously indicated, we are conducting an in-depth review of the MSSD program. Our preliminary review of demographic statistics and the program characteristics of the school have indicated that it would maintain a stable enrollment at about the current level. That was the reason for indicating stable enrollment levels in the justification. However, we are continuing our review and will revisit that conclusion if necessary.

MEDICAL RECORDS TECHNOLOGY

Mr. Natcher: The justification indicates that you originally requested funds for a Medical Records Technician program, but are no longer seeking funding. What were your reasons for requesting funds for this program and why are you no longer seeking funding?

Dr. Jordan: We understand and have been responsive to the Department's concerns by not going forward with this program. We also had some internal concerns about the direction this program would have taken the University. However, we continue to believe that the proposal was generally sound. The University originally had two goals in considering this program. We hoped to provide increased career training opportunities for students, and we wanted to offer an alternative to the four year programs for those students who wanted a degree with less than a four year requirement. We also recognized that many students seeking two year associate degrees often prefer to attend institutions close to their homes.

PRE-COLLEGE PROGRAMS FINANCIAL ACCOUNTING

Mr. Natcher: In response to a 1987 GAO evaluation, Gallaudet is proposing an alternative financial accounting system that will produce more reliable data. Is the proposed system being developed in-house?

Dr. Jordan: Yes, the University is developing the system in-house with the help of some outside consultants. We anticipate that the system will be fully operational by the end of this fiscal year.

Mr. Natcher: Does the Department agree that the system being developed will address the GAO concerns?

Mr Vader: The Department has not been involved in the development of this system and has not had the opportunity to evaluate it. However, Gallaudet has been in contact with the General Accounting Office concerning its progress in complying with their recommendations. The new system will result in the production of annual reports concerning the national mission costs. We expect that these reports will be submitted to the Department for review.

NORTHWEST CAMPUS

Mr. Natcher: What part of your operation is housed at the Northwest Campus? How many staff and students? Please contrast these numbers to the Kendall Green campus staff and students.

Dr. Jordan: The Northwest Campus houses our School of Preparatory Studies. This school offers a special program designed to help incoming students who are not fully prepared to begin their freshman year. Approximately 70 percent of newly admitted Gallaudet students need this preparation. In FY 1990, 323 students are enrolled at the Northwest campus, and 39 faculty members and 37 staff are assigned to the campus. In FY 1990, there are 2,559 students enrolled at the Kendall Green campus (including MSSD and KDES). They are served by 1,424 faculty and staff.

GRADUATE SCHOOL DEAF ENROLLMENT

Mr. Natcher: Have you had any success in increasing the number of graduate students who are deaf?

Dr. Jordan: In FY 1989, 87 of the 379 students enrolled in graduate studies were deaf. In FY 1990, 89 of the 401 graduate students are deaf. We are initiating several efforts to increase the pool of qualified deaf candidates for our graduate programs. These include creating a Clerc Scholarship fund especially for deaf students entering the education program. Growth in the number of deaf undergraduates in teacher education programs should lead to an increase in graduate education program applicants. The new Coordinator of Graduate Recruitment will also be focusing efforts on the recruitment of qualified deaf graduates.

ASL ELIGIBILITY FOR BILINGUAL EDUCATION

Mr. Natcher: Has there been any further discussion about whether or not students proficient in American Sign Language are eligible for support under the Bilingual Education Act?

Dr. Jordan: This was a recommendation of the Commission on Education of the Deaf that was made in 1988. We have expressed our support for this recommendation. However, the Department has gone on record opposing it. To my knowledge there has not recently been more discussion of the issue.

EFFECT OF 1990 SEQUESTER

Mr. Natcher: What cost saving measures were necessary to absorb the fiscal year 1990 sequester?

Dr. Jordan: As I have stated elsewhere, late in fiscal year 1989, we conducted a major reorganization that went into effect fully in fiscal year 1990. This reorganization resulted in the elimination of two vice president level positions and reductions in some support positions. The savings from this reorganization were sufficient to offset the sequester.

PRE-COLLEGE PROGRAMS ACCOMPLISHMENTS

Mr. Early: The Administration is requesting an increase in funds for both the Model Secondary School for the Deaf (MSSD) and the Kendall Demonstration Elementary School. How will this increase be used? Can you give me some indication of how these programs are working?

Dr. Jordan: The funding increases for the Model Secondary School for the Deaf (MSSD) and Kendall Demonstration Elementary School (KDES) will be used for compensation increases needed to maintain a competitive salary structure at these two schools.

As a part of Pre-College Programs' efforts this year to respond to recommendations of the 1988 report of the Commission on Education of the Deaf, our Educational Resource Centers are only funding training and technical assistance activities that focus on one or more of the priorities contained in this document. These priorities are:

- lower-achieving deaf students;
- students with disabilities in addition to deafness;

- multi-cultural deaf students;
- deaf students with non-English speaking families;
- deaf students in transition; and
- families of deaf infants and children.

The General Accounting Office audit of Pre-College Programs (PCP) and the Commission on Education of the Deaf report recommended that the Outreach Services Office of the Pre-College Programs establish a marketing program so that services and resources would be made available to a larger number of programs associated with the education of the deaf. A marketing coordinator was hired last year and he is implementing an aggressive campaign to market and track the sales of a select group of Pre-College materials and service requests. The materials include all the KDES curriculum guides and two new publications for use in classrooms with non-handicapped students. Over $35,000 has been reallocated from other PCP to support this increased emphasis on marketing.

Outreach Services is responsible for publishing four periodicals: WORLD AROUND YOU, PERSPECTIVES ON EDUCATION AND DEAFNESS, AMERICAN ANNALS OF THE DEAF, and THE PROGRESS REPORT. This year, WORLD AROUND YOU subscriptions increased by 23.7% over last year and AMERICAN ANNALS subscriptions were up 10.4% over the previous year, while PERSPECTIVES subscriptions remained stable. PROGRESS REPORT is now distributed to over 17,000 individuals free of charge, more than half of whom work in public school programs.

A federal grant that provides for the mainstreaming of KDES students at Gallaudet's Child Development Center is in the second year of a three-year cycle. A videotape of the first year of the project that shows how the day care center staff learned how to interact with deaf mainstreamed students has been completed. After presentations at national conferences and information dissemination in Outreach Services periodicals, requests for additional information have dramatically increased from schools and day care centers around the country.

New programs initiated during the last year include a multi-cultural diversity training program at MSSD and an Office of Hispanic Services at both KDES and MSSD. It is anticipated that, within the next year, PCP will be prepared to offer training to professionals in other schools in a more comprehensive fashion, although some training is already offered in these areas. PCP will also be disseminating an important curriculum guide for use with K-12 students with multiple handicaps at the end of the fiscal year. All of these activities reflect the special attention being given to the priorities recommended by the Commission on Education of the Deaf.

WEDNESDAY, FEBRUARY 21, 1990.

AMERICAN PRINTING HOUSE FOR THE BLIND

WITNESSES

TUCK TINSLEY III, PRESIDENT, AMERICAN PRINTING HOUSE FOR THE BLIND

MICHAEL E. VADER, DEPUTY ASSISTANT SECRETARY FOR SPECIAL EDUCATION AND REHABILITATIVE SERVICES

CAROL A. CICHOWSKI, DIRECTOR, DIVISION OF SPECIAL EDUCATION, REHABILITATION, AND RESEARCH ANALYSIS, OFFICE OF PLANNING, BUDGET AND EVALUATION

Mr. NATCHER. We take up the budget request for the American Printing House for the Blind. We have Dr. Tinsley, the President of the American Printing House for the Blind.

Dr. Tinsley, who do you have with you there?

Dr. TINSLEY. Mr. Chairman, it is a pleasure for me to appear as President of the American Printing House for the Blind. With me are Michael Vader and Ms. Carol Cichowski of the U.S. Department of Education.

BUDGET REQUEST

Let me summarize my statement by saying that the total appropriation for 1991 is $5,901,000, an increase of $238,000 over that appropriated for 1990. This amount would provide approximately 39 percent of the Printing House's total sales income, the remainder coming from other Federal programs, product sales to State and local agencies, and individual purchases. Private donations and investments provide other income.

The 1991 request reflects the passage of the Handicapped Programs Technical Amendments Act of 1988, which terminated the American Printing House for the Blind's $10,000 permanent appropriation.

Of the funds requested for fiscal year 1991, $5,366,000 would be used to supply special educational materials to an estimated 48,180 blind students. This number represents an increase of 1,696 students over fiscal year 1990. Of the 48,180 blind students, 45,761 would be enrolled through educational programs and 2,419 through rehabilitation programs. The per capita allotment for fiscal year 1991 would be $111.37, an increase of $.60 over that for 1990.

The 1991 request includes $159,000 for expenses for advisory services. This budget category covers the expenses of the two advisory committees which determine what books will be published and what other new materials will be developed.

More importantly, however, this budget covers the cost of informing teachers and administrators regarding what materials are available, how they may be obtained, and how they are to be used, as well as the cost of the annual census of blind students.

The request provides $376,000 for 1991 for educational and technical research. These funds serve as a base to enable the American Printing House to develop needed educational materials in a variety of subject areas such as braille reading and writing, low vision training, and microcomputer applications, and to develop products for special groups such as the multihandicapped blind and preschool blind.

Mr. Chairman, I will be glad to answer any questions that you have.

[The information follows:]

DEPARTMENT OF EDUCATION

Statement by

Tuck Tinsley, III
President
American Printing House for the Blind

Mr. Chairman and Members of the Committee:

The American Printing House for the Blind was chartered by the Commonwealth of Kentucky in 1858 for the nonprofit manufacture of books and other materials for use by the blind. In 1879, the Congress passed an Act to Promote the Education of the Blind which, as amended, now enables the Printing House to provide educational materials for all blind students below college level throughout the United States, it territories, and possessions. These materials include textbooks in braille and large type, educational books such as braillewriters and microcomputer software and hardware, teaching aids such as educational tests and performance measures, and other special supplies. The total request for 1991 for this programs is $5,901,000, an increase of $238,000 over that appropriated for 1990. This account would provide approximately 39 percent of the Printing House's total sales income, the remainder coming from other Federal programs, product sales to State and local agencies, and individual purchases. Private donations and investments provide other income. The 1991 request reflects the passage of the Handicapped Programs Technical Amendments Act of 1988, which terminated the American Printing House for the Blind's $10,000 permanent appropriation.

Educational Materials

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American Printing House to develop needed educational materials in a variety of subject areas such as braille reading and writing, low vision training, and microcomputer applications, and to develop products for special groups such as the multihandicapped blind and preschool blind.

General Information

The APHB continues to serve a growing number of blind students with complex needs who require a wide variety of educational materials. Public Law 99-457, enacted by Congress in 1986, amended the Education of the Handicapped Act to mandate services to all preschool children with disabilities. Programs initiated in response to this law continue to increase the number of students to be served by APHB. In 1991, the American Printing House will continue to focus on the development of new materials to serve blind children from birth through their entry into regular school programs.

Of the 46,484 legally blind students registered for fiscal year 1990, 38,430, or 83 percent, were registered through State Departments of Education, 4,323, or 9 percent, were enrolled in residential schools, 1,397, or 3 percent, were enrolled in separate programs for the multihandicapped, and 2,334, or 5 percent, were enrolled in rehabilitation programs. Among these, 5,471, or 12 percent, were registered as braille readers, 14,370, or 31 percent, as visual readers, 7,034, or 15 percent, as auditory readers, 4,618, or 10 percent as prereaders, and 14,991, or 32 percent, as nonreaders.

New educational materials and teaching aids are developed and produced each year to keep educational programs current for these students, with reprints and reruns of older materials produced as required. Additionally, the American Printing House uses its own funds to maintain a finished goods inventory of over $3 million to ensure timely delivery of special materials to the educational programs.

Significant accomplishments during the past twelve months include the following:

1. A prebraille instruction program for blind students was developed.

2. A cooperative agreement was signed with the Kentucky Department for the Blind to train blind individuals to be proofreaders.

3. APH-DOTS, a program which will greatly increase the number of textbooks available in braille, was introduced. Under this program, volunteer transcribers and agencies submit disks containing computer transcriptions to APHB. APHB uses these disks to emboss interpoint braille copies of the texts which are made available for purchase on demand nationwide.

4. A comprehensive survey of ex officio trustees was conducted to determine areas of satisfaction and dissatisfaction with the products and services of APHB.

5. A Xerox management system is being implemented which provides forecasting information necessary to adjust work processes to maximize resources in a cost-effective manner.

The APHB continues to be committed to meeting the needs of children who are blind through the research, development, and provision of educational materials necessary for their growth and development.

Mr. Chairman, I will be glad to answer any questions concerning the budget request.

DEPARTMENT OF EDUCATION

Special Institutions for the Handicapped
American Printing House for the Blind

Biographical Sketch

NAME : Tuck Tinsley, III

POSITION : President
American Printing House for the Blind

BIRTHPLACE AND DATE : Jenkins, Kentucky, July 30, 1946

EDUCATION : Florida State University; Tallahassee, Florida
1968, BS
Florida State University; Tallahassee, Florida
1971, MS
University of Florida; Gainesville, Florida
1982, Ed.D.

EXPERIENCE

1989-PRESENT : President, American Printing House for the Blind, Louisville, Kentucky

1980-1989 : Principal, Florida School for the Deaf and the Blind, St. Augustine, Florida

1981 (6 months) : Interim Principal, Florida School for the Deaf and the Blind, St. Augustine, Florida

1979-1980 : Assistant Principal, Florida School for the Deaf and the Blind, St. Augustine, Florida

1978-1979 : Acting Assistant Principal, Florida School for the Deaf and the Blind, St. Augustine, Florida

1968-1979 : Mathematics Teacher, Florida School for the Deaf and the Blind, St. Augustine, Florida

ASSOCIATION MEMBERSHIP : Association for Education and Rehabilitation of the Blind and Visually Impaired

Council for Exceptional Children and its Division for Visually Handicapped

Council of Executives of American Residential Schools for the Visually Handicapped

PUBLICATIONS : Seventeen professional monographs and articles regarding the blind and visually impaired.

SURVEY OF EX OFFICIO TRUSTEES

Mr. **Natcher**. In your opening statement, Dr. Tinsley, you informed the committee that a comprehensive survey of ex-officio trustees was conducted last year to determine user satisfaction with Printing House services. Just briefly what were the results of the survey?

Dr. **Tinsley**. We surveyed all 160 ex officio trustees. Of these, 99 responded. While the ex officio trustees were generally very pleased with our responsiveness to requests and the quality of materials, areas of concern included the cost of materials and timeliness of delivery.

FEDERAL ROLE IN PROVIDING MATERIALS

Mr. **Natcher**. In your personal opinion, what is the appropriate role of the Federal Government in providing educational materials for the blind? If you will, tell us how this responsibility gets divided among State, local and national governments.

Dr. **Tinsley**. The number of blind students is only 4 percent of the total blind population in the country. This small percentage is made much more complex to serve because of the wide variety of service delivery programs. Ten or 15 years ago, blind students were served in mainly residential schools for the blind. Today, the majority of blind students are mainstreamed.

States also were not as involved in State-adopted curricula. The Printing House could select and produce a single series of mathematics textbooks and the schools would adopt that series. The variety of materials needed at this time with students throughout the country and in local school programs makes it more difficult for local programs to acquire materials and for producers to determine priorities regarding textbook needs.

For example, you could have five blind students in a certain county in Kentucky or Florida. If they are attending different high schools, they might need five different mathematics text books. In producing books for blind children, approximately 70 percent of the time is involved in transcribing the book into Braille. The American Printing House for the Blind is able to take advantage of volunteers throughout the country who invest their time using personal computers in transcribing materials by serving as a central source and making these materials available to blind students throughout the country.

We believe the Federal Government, because of the wide range of special education materials needed for this population, is crucial in meeting the service delivery needs of these children.

The current appropriation in this budget, $111.37 per pupil, is just a small part of what is required. We have had estimates from various States of $750 per year per student to $1,900 to provide the materials needed by blind students. One of the objectives of the study being conducted by the Department of Education is to determine the average annual cost to provide these materials.

The Federal Government's involvement, which provides about $111.00 per student, does not provide the entire amount of money needed to provide specialized materials for blind students. Therefore, State local, and Federal funds are certainly needed.

BUDGET REQUEST

Mr. NATCHER. Is the President's budget request for fiscal 1991 the amount that the Printing House for the Blind first requested or was this reduced by OMB and the Department? What do we have here, Mr. Tinsley?

Dr. TINSLEY. The budget before you is a budget that is very favorable to the Printing House. What was submitted by the administration of the American Printing House for the Blind included three levels. One level was flat funding from 1990, a second level was a 3.3 percent increase, and the third level was the request of the Printing House.

Mr. NATCHER. Tell us, Mr. Tinsley, did you finally get that figure selected? Is that the figure that we have? You said 3 percent. What level are we talking about?

Dr. TINSLEY. The second level was 3.3 percent in our request. The level in the President's budget is 4.2 percent above last year.

STAFFING LEVEL

Mr. NATCHER. Your budget justification states that the production changes this year resulted in a smaller, more flexible work force, yet the FTE request for 1991 is the same as the 1990 level. How do you account for that, Dr. Tinsley?

Dr. TINSLEY. We have 320 employees. We had 328 last year. We project 320 for the next two years. Did I answer your question, sir?

EMPLOYEE SALARY LEVELS

Mr. NATCHER. All right. What is the average salary of the full-time employees assumed in your 1991 request and how does this compare with the 1989 and the 1990 request.

Dr. TINSLEY. I can provide that for the record, sir. The appropriation for fiscal year 1989 represented 32 percent of the Printing House's total sales. For 1990, we estimate that it will comprise approximately 39 percent of total sales.

I will include a description of how this relates to salaries for employees for the record.

Mr. NATCHER. Tell us about the salaries, average increase in 1989, 1990, and 1991.

Dr. TINSLEY. The average increase for 1990 for Teamsters Union employees was 2.7 percent for approximately 160 employees in the plant. The average for other employees, non-union, was around 6 percent in 1990.

I could provide figures for the record for the year before. I don't have that with me, sir. I will be glad to provide it.

Mr. NATCHER. Fine.

[The information follows:]

EMPLOYEE SALARY LEVELS

The request for educational materials does not assume a particular funding level for salaries and expenses. Salaries related to production and overhead are not associated with specific funding sources. The cost of personnel related to the production of materials is built into the cost of the products. The Federal appropriation for educational materials is used as a credit against which States can purchase materials. Therefore, the percentage of salaries covered by the appropriation equals the percentage of salaries incorporated into the sale of materials purchased by the Federal Government.

Regarding salary levels, of the 328 employees retained by the American Printing House for the Blind in 1989, 267 were full-time with an average salary of $16,563.50. This was a 12.6 percent increase over the 1988 average of $14,705.82. The average salary for the 275 full-time (320 total employees) in 1990 is $16,760.34, an increase of 1.2 percent from 1989. Salaries for 1991 will be negotiated in November 1990. Nonbargaining unit employees increases will be determined in December of 1990.

COMPUTER-RELATED PRODUCTS

Mr. NATCHER. I will yield to Mr. Conte.

Mr. CONTE. It is good to have you with us. You have lived in both Kentucky and Florida. Which do you like the best?

Dr. TINSLEY. I was born in eastern Kentucky. It is nice to be back on solid ground.

Mr. CONTE. The Chairman will be glad to hear that. Your products now sound like they come from the pages of PC World. It sounds like the computer is making an enormous difference in the kinds and types of materials available. What do you say to that?

Dr. TINSLEY. It is a major focus. The educational research advisory committee, made up of seven ex officio trustees have focused on the development of technological aids as one of their top four priorities. We are moving rapidly in this area.

Mr. CONTE. How do materials like the Braille keyboard overlay out for the Apple 2 GS and go out to the users of the printing house?

Dr. TINSLEY. The materials are provided for instruction of students and also for transcription of Braille materials. With a special software program, you can use six of your home-based keys as the six dots of the Braille cell. An individual who knows Braille is then able to produce a disk that is transcribed into Braille symbols. In Braille you have six dots and any combination can form short forms. For instance, B stands for but.

This allows individuals to transcribe into Braille and put the information on a soft or hard disk.

Mr. CONTE. Does the increasing use of computers make it more or less expensive to produce material?

Dr. TINSLEY. The hardware production is more expensive. We are looking at a small population so you don't have a great quantity of sales. The pocket Braille and other computer equipment are quite expensive to produce.

The nice thing about the appropriation is that research and development costs are funded separately and not included in the cost consumers.

TIMELINESS OF DELIVERY

Mr. CONTE. Last year, you testified that starting in May 1989, the Printing House would change procedures so that the books would be available at the start of the school year as opposed to October 1 which had been the previous practice.

Has that change gone into effect? What has been the response to that change?

Dr. TINSLEY. Yes, it has and the respone has been very favorable, sir. As I mentioned in relation to the survey, timely delivery was a problem. If someone needs a book, we have to receive two copies, even if it is only for large print items. Then, we have to have copyright permission from the publisher. Finally, we have to print it.

The survey was in March of last year, soon after I came on board. We guaranteed that any orders in by June would be out the second week in August so service providers would have them by the start of the school year.

We were able to fulfill this pledge for orders received by the second week in June and provide the materials on time.

MATERIALS FOR PRE-SCHOOL-AGED CHILDREN

Mr. CONTE. Recently, as you know, Congress amended the Education for Handicapped Act to extend services to pre-school aged children.

Dr. TINSLEY. Yes, sir.

Mr. CONTE. Has that affected you at all?

Dr. TINSLEY. Yes, sir, it has. Public Law 99-457 has had an impact on the number of students we serve. Also it has had an impact on the range of materials required. Because many preschool children are served in their homes, we have had to develop materials to be used by the families.

There are many multi-handicapped children in that age group which adds to the complexity of the materials needed for use by and with these children. In 1980, we had 1,314 kindergarten students registered. In 1989, we had 8,521 registered, including infant, pre-school and kindergarten aged blind children. It has had a major impact, yes, sir.

FEDERAL FUNDS FROM OTHER SOURCES

Mr. CONTE. Of the Federal funds that you get, what are the ones you are requesting here today? Are there any other Federal funds?

Dr. TINSLEY. Through the National Library Service, we bid for contracts to produce books. We bid to produce IRS publications and forms in Braille. We also participate in competitive bidding, including research grants for other projects. The appropriation is all that is non-competitive.

Mr. CONTE. Do receive some contracts?

Mr. TINSLEY. Yes, sir. For example, we are producing 500 talking books for the Libary of Congress this year.

Mr. CONTE. Is that the only other one?

Mr. TINSLEY. No, we also have a contract with the IRS. We are doing four contracts for them now.

Mr. CONTE. Are these pretty good reliable funds or do they change from year to year?

Dr. TINSLEY. The Library of Congress has been very reliable. IRS is more competitive. It is not something we can depend on.

Mr. CONTE. I have four or five questions. I will put them in the record.

Mr. NATCHER. Fine.

Mr. Stokes.

EMPLOYEES WITH HANDICAPS

Mr. STOKES. Mr. Tinsley, last year at the hearings we had a discussion concerning the number of minorities and handicapped employees at the Printing House. Last year you told me you had only a 2 percent increase in the number of handicapped persons employed at the printing house. Have you made any progress in this area?

Dr. TINSLEY. Yes, sir. It is not as rapid as I would like but we have made some progress. The major thing we have done is to develop a cooperative agreement with the Kentucky Department for the Blind. Under this agreement we train individuals to become Braille proof readers. We provide the supervision, the training, the facility, and the equipment.

They provide a copy holder. We train these people for employment either at the Printing House or elsewhere. Although we have decreased our total employment this past year by eight, we have increased the total number of blind employees by one. Our total blind population was 20 last year, and it is 21 this year.

Our total employment has decreased by eight so the percentage of blind employees is further increased.

MINORITY EMPLOYMENT

Mr. STOKES. You also told me that 8.8 percent of your employees were minorities but none were officers or managers. The official data you submitted for the record states that among the 21 technicians there are also no minorities. What is your record this year?

Dr. TINSLEY. We have had no turnover, other than my coming on board, at the top positions. We are making a concerted effort and are looking very closely at the affirmative action plan. However, the number of employees has decreased from 328 to 320. Even with this decrease we had an increase of one visually impaired person. However we continue to focus on this issue.

Mr. STOKES. Are you saying in the category of officials and managers you have had no turnover at all?

Dr. TINSLEY. That is correct, sir.

Mr. STOKES. You mentioned an affirmative action program. What does that mean?

Mr. TINSLEY. We have an affirmative action plan. It has not been updated in the last year, but we are currently in the process of updating it now. We started at the end of last year to update the program and look at the demographics. It had been done two years ago. The percentage of minorities in the Louisville area was 12.5 percent two years ago. We need to update that, see what it is now, and review other areas.

We have a list of places where we post advertisements. We need to look at them to see if they are still viable and if there are others we need to access.

Mr. STOKES. I hope you will take a good close look at it and when you come in again you will be able to give us a comprehensive report.

Dr. TINSLEY. Thank you. Yes, sir.

Mr. NATCHER. Dr. Tinsley, as you know, from time to time we have inquired and we did of your predecessor, Dr. Noland, as to how many blind people were employed. In the questions that will be submitted to you, you will find several along that line.

This has been a good hearing. Thank you very much.

Dr. **Tinsley**. Thank you.

[The following questions were submitted to be answered for the record:]

STAFFING TRENDS

Mr. Natcher: Dr. Tinsley, the 320 employees you are reporting is considerably higher than the 265 you were estimating last year for fiscal year 1990. What can you tell us about this difference?

Dr. Tinsley: The difference in the number of APHB employees projected in the fiscal year 1990 Congressional Justifications from the actual number in 1990 indicated in the 1991 Justification is due to two factors. First, APHB is continually reevaluating its employment needs based on production requirements. Second, our accountants recommended that 38 talking book narrators be counted as APHB employees. The narrators, who in the past had been paid through accounts payable as contract workers, were included as APHB employees in July 1988. This change is due to IRS requirements. Presently, we foresee no reduction in the overall number of employees during the next two years; however, continual reevaluation of production needs will determine the appropriate figure.

INCIDENCE OF BLINDNESS

Mr. Natcher: What is the incidence of blind or visually impaired individuals in the general population and how has this rate changed over the past 10 years?

Dr. Tinsley: The incidence of blindness in the general population is three tenths of one percent. The incidence of blindness in the school-aged population is one tenth of one percent. The Census Bureau recently estimated there were 249.6 million people living in the United States as of January 1, 1990. At the rate of .3%, this would mean there are 748,800 legally blind persons in the United States at this time. The difference between the incidence of blindness in the general and school-aged populations is that approximately 70% of severely visually impaired persons are age 65 and older. We do not have information as to trends, but as our general population ages, there will likely be an increase in the number of persons with vision loss associated with aging. Another factor to be considered is that advances in medical technology permit extremely young and fragile children to survive, many who have visual losses in addition to other handicapping conditions. The 1990 population census will provide more current information on the number and how the rate has changed over time.

NUMBER OF PERSONS SERVED

Mr. Natcher: How do you estimate the number of students who will receive services each year when you prepare your budget request?

Dr. Tinsley: Estimates of the number of students who will be registered to be served through the annual appropriation supporting the Act to Promote the Education of the Blind are primarily the result of a review of trend data on the numbers served in preceding years. We also take into account the effect of any new laws or regulations that might affect the number of students eligible for registration. For example, APHB estimated that Public Law 99-457, the Education of the Handicapped Act Amendments of 1986, would increase the number of preschool visually handicapped children served by the Printing House.

Mr. Natcher: What accounts for the steady increase in the population served by the Printing House in the past two years?

Dr. Tinsley: We think there are a number of factors that have contributed to the increases in the population served by the American Printing House during the past two years. The Education of the Handicapped Act Amendments of 1986, Public Law 99-457, is one major reason for the increases. It has resulted in an increase in both the number of students to be served and the range of materials needed. This is because many preschool blind children are served in their homes, and that increases the need for specially designed materials that can be used by parents with their children. In addition, we are serving many more multihandicapped students. Specialized materials are also required for use with and by these children.

Aging has had an impact on the population we serve. As the general population ages and longevity increases, there is a rise in the number of persons with vision loss associated with aging, especially macular deterioration. There also has been an increase in the number of adults registered for participation in the Federal quota program. This has occurred despite the implementation of a rule that requires persons exceeding school-age to be enrolled in programs below the college level that provide at least 20 hours of instruction per week. The point at which individuals exceed school-age is determined by State law.

ACCURACY OF PROJECTIONS

Mr. Natcher: How accurate have prior year projections been for number of students served?

Dr. Tinsley: We believe that estimates of the numbers of students to be served have generally been reasonably accurate and have been extremely accurate for the past two years. Following is a table showing estimated and actual registrations for the past five years.

Fiscal Year	Estimate in Budget Request	Actual Registration	Difference
1985	43,400	44,313	+913
1986	45,800	45,221	-579
1987	47,400	45,930	-1,470
1988	47,500	45,930	-1,570
1989	44,400	44,821	+421
1990	46,500	46,484	-16
1991	48,180		

STUDY OF THE AMERICAN PRINTING HOUSE FOR THE BLIND

Mr. Natcher: The Department initiated a study of the Printing House in October 1989. What is your view of the study, Dr. Tinsley?

Dr. Tinsley: The Department is conducting a study of the operation of the Federal quota program at APHB, the effect of the program on the education of students who are blind, and the context under which it operates. The study is looking at a wide range of issues. We believe the results of the study should provide important data to help us in planning future activities. This includes information on product needs, ways to improve the annual allotment of quota products, data on the annual cost of supplying educationally related materials to visually impaired students, the relationship between the per capita allocation and the educational material needs of students who are visually impaired, emerging issues likely to affect the educational needs of students who are visually impaired, and the effect of the Education of the Handicapped Act on the provision of materials to these students.

Mr. Natcher: When will the study be completed and made available?

Dr. Tinsley: The study is currently scheduled for completion by the end of May 1990.

INSPECTOR GENERAL AUDIT

Mr. Natcher: Last year, based on an Inspector General's audit, the Printing House was directed to restore some $250,000 in disallowed costs. Has there been a final resolution of this situation?

Dr. Tinsley: No. The Office of Special Education and Rehabilitative Services sustained the Office of the Inspector General's recommendation regarding $250,320 in disallowed costs related to building depreciation and directed APHB to restore these funds as credits to the educational agencies and institutions participating in the program or to refund the amount to the Federal Government. APHB has appealed this determination. The Secretary has designated the Office of Administrative Law Judges to hear this appeal. Briefs have been submitted by respective parties and a tentative hearing date has been set for March 29, 1990.

PRE-SCHOOL PROGRAMS PRIORITY

Mr. Natcher: The budget justification states that the Printing House plans to place a priority on the development of new materials to serve children birth through age 3. Is this your own initiative or is it a legislative requirement?

Dr. Tinsley: The priority placed by the American Printing House for the Blind on developing new materials for blind children birth through age 3 is our own initiative. However, it is in response to identified market needs. This is the segment of our service population that is growing the most rapidly. Our Educational Research and Development advisory committee (comprised of ex officio trustees) has assigned a high priority to the development of materials for use with the preschool populations. We have placed a priority on this area for the past several years.

DISK OUTPUT TRANSCRIBING SYSTEM (APH-DOTS)

Mr. Natcher: Tell the Committee about the pilot program you are conducting called DOTS.

Dr. Tinsley: For many years, braille transcribers throughout the country have invested thousands of hours in tedious and valuable work producing books for students who are visually impaired. A significant number of transcribers are now using personal computers to transcribe materials into braille. Realizing this, APHB has developed the Disk Output Transcribing System (DOTS) project in order to make the benefits of this new method of braille translation available on a national level. Transcribers submit disks containing their computer transcriptions to the DOTS project. APHB uses these disks to emboss interpoint braille copies which are available for purchase upon demand. APH-DOTS allows transcribers and agencies to make their work more widely accessible and increase the range of titles available to students requiring braille materials.

Mr. Natcher: In response to a written question submitted during last year's hearing, you estimated that approximately 70% of the production cost of a book could be reduced by using this new technology. Won't that have a significant impact on the Printing House budget?

Dr. Tinsley: APHB estimates that the time required to transcribe textbook materials into braille is approximately 70% of the total production time for these books. Reducing or eliminating the transcription time will have a definite impact on the costs of books. However, in addition to textbooks, materials such as braillewriters, slates and styluses, type recorders, special paper, and other educational aids are also needed by students who are visually impaired. Since the Federal appropriation provides only a portion of the funds needed for educational materials for these students, we believe a reduction in the cost of braille books would not significantly reduce the need for materials from the Printing House. In addition, APHB is still transcribing books not available through this source.

EMPLOYMENT OF PERSONS WITH HANDICAPS

Mr. Natcher: Tell the Committee what you have done to increase the number of handicapped employees at the Printing House since last year. Have you made progress?

Dr. Tinsley: In order to increase the pool of qualified blind applicants, APHB has signed a cooperative agreement with the Kentucky Department for the Blind for the training of braille proofreaders. The Department for the Blind provides candidates for the program and copyholders necessary for their training. APHB provides facilities, supervisors, equipment, and administration of the certification test. APHB continues to search for qualified personnel to fill vacancies by actively recruiting through agencies which specialize in the placement of blind and handicapped workers. These include the Kentucky Department of Employment Services, Bureau of Rehabilitation Services, Department for the Blind, Industries for the Blind, School for the Blind, the National Federation of the Blind, American Council for the Blind, and ALPHA, Inc.

Mr. Natcher: Insert in the record at this point a table showing the number of handicapped employees over the last 5 years, both the actual number and as a percentage of the workforce.

Dr. Tinsley: A five year table showing total employment and employment of persons with handicaps follows:

Employment of Persons with Handicaps at APHB

Year	Total Employees	Handicapped Employees	Percentage
1986	387	60	15.5%
1987	353	60	17.0%
1988	325	52	16.0%
1989	328	60	18.3%
1990	320	59	18.4%

REALLOTMENT PROCEDURE

Mr. Natcher: Are there ever any funds left over in a State's annual allotment for materials? If yes, what happens to them?

Dr. Tinsley: Yes, that is not an uncommon occurrence. Any funds that are not spent during a specific fiscal year are reallocated to the ex officio trustees, as a whole, on September 30 based on the number of registered blind students for the following fiscal year. This number is determined by the annual census conducted in January of the prior fiscal year.

ANNUAL COST OF MATERIALS

Mr. Natcher: What is the average annual cost of educational materials for the visually impaired and how far does the Federal appropriation go in meeting that requirement?

Dr. Tinsley: This amount varies, and many States do not have accurate figures. We have estimates from a number of States which show the average annual cost of providing educational materials for visually impaired students as ranging from $700 to more than $1,800. Over the past ten years, the per capita allocation provided through the Federal appropriation has varied from a high of $131.87 in 1981 to a low of $105.79 in 1986. The present request would provide approximately $111.37 per student for the provision of educational materials, an increase of $.60 per child above the 1990 level.

Mr. Vader: The purpose of this program is to assist in providing quality educational materials to the States and to provide a base of support to the Printing House. Most of the cost of providing these materials is borne by State and local governments, which are required to provide appropriate special educational materials by the Education of the Handicapped Act. We hope the study currently being conducted by the Department will provide some new information on the estimated average cost for the provision of educational materials for these students.

FUNDING SCHEDULE'S EFFECT ON SERVICES

Mr. Natcher: The Printing House appropriation is current-funded, that is, the funds that you receive in October of any given year are actually for the school year that has already started. Does this cause any problems for the Printing House?

Dr. Tinsley: The fact that the appropriation to APHB is "current- funded" causes difficulties in planning for the timely delivery of educational materials to students who are visually impaired. If appropriated monies were not made available to educational programs until the Federal fiscal year begins on October 1, students would not receive needed materials until three to four months into the school year. For this reason, APHB advances one-half of the previous year's allocation to educational programs on May 1. In this manner, materials can be ordered and in place at the beginning of the school year in September.

DISK OUTPUT TRANSCRIBING SYSTEM (APH-DOTS)

Mr. Stokes: You mentioned that the recent development of "APH-DOTS" will greatly increase the number of textbooks available in braille. Can you tell us more about this computer program and can you quantify the impact it will have on the number of braille textbooks?

Dr. Tinsley: APHB developed the Disk Output Transcribing System (DOTS) project in order to take advantage of new technology which allows braille transcribers to use personal computers to transcribe material into braille. If transcribers submit computer disks with their work to APHB, the transcription can be copied and made available on a national level to anyone who wants the material. This system has the potential to greatly increase the range of titles available to students requiring braille materials. However, the program is relatively new, and its impact cannot be quantified at this time. I expect that we will be in a better position to measure the effect of APH-DOTS after we have more experience with the program.

STUDY OF THE AMERICAN PRINTING HOUSE FOR THE BLIND

Mr. Conte: In what way is the Department of Education's study of the Printing House proceeding? In what ways are you asked to participate? When is it expected to be done?

Dr. Tinsley: The Department of Education has contracted with an education consulting firm to conduct a study regarding the operation of the Federal quota program at APHB, the effects of the program on the education of students who are blind, and the context under which it operates. The study was initiated in October 1989. Staff members of the contractor and the Department of Education attended the Annual Meeting of Ex Officio Trustees of APHB and described the study during the general session. During the week of the annual meeting, the purpose of this study was reviewed with APHB staff, and interviews were conducted with various staff members. Currently, outside organizations and parents of visually impaired students are being surveyed. The Department expects the study to be completed by the end of May 1990.

CONCERNS EXPRESSED BY OUTSIDE GROUPS

Mr. Conte: The justification mentions that there are concerns expressed by outside groups about the effectiveness of the Federal quota program at APHB. Can you review for us what this issue is all about and give us your position on the issue?

Mr. Vader: The concerns were primarily raised by the National Federation of the Blind (NFB). They involved concerns that the sole source nature of the appropriation for the Printing House doesn't foster efficiency and that APHB doesn't offer materials manufactured by other entities. NFB recommended that State agencies and schools serving the beneficiaries of the Act to Promote the Education of the Blind should either be allowed to choose the supplier from whom they wished to purchase materials or that the funds allocated for materials should be competed to ensure the most effective use of these funds. In 1989, a variation on these proposals was introduced as H.R. 1627, a bill that would "permit the American Printing House for the Blind to acquire educational materials for schools for blind individuals through other suppliers."

Dr. Tinsley: The Printing House is strongly opposed to H.R. 1627 and the NFB proposals. A number of other organizations have also expressed opposition to the bill, including the American Council for the Blind, the National Council of State Agencies for the Blind, the National Council of Private Agencies for the Blind, the Association for the Education and Rehabilitation of the Blind and Visually Impaired, the Council of Executives of American Residential Schools for the Visually Handicapped, the Council for Exceptional Children-Division for Visually Handicapped, and the Affiliated Leadership League of and for the Blind of America.

We believe Congress was wise to vest a single agency with sole responsibility for administering the Act, and this is continually verified by experience. This arrangement enables the objectives of the Act, and the processes to achieve them, to be totally interrelated in the most cost-effective manner possible. The appropriation to a single agency facilitates a concentrated effort which results in:

a) oversight by a board of ex officio trustees who are the consumers of the services;

b) close monitoring of the use of appropriated funds;

c) accountability that assures appropriated funds are spent on special materials for visually impaired students;

d) continuity which results in the identification of needs, research, development, production, and distribution of special educational materials for visually impaired students; and

e) provision of coordinated advisory services.

We believe it is of the utmost significance that the assurance of the ongoing appropriation provided by the Act to a single agency encourages that agency to invest other funds of that agency in the equipment and inventory necessary to provide specific educational material needed by this special population. In addition, estimates from a selected number of States indicate that the annual cost of providing educational materials to students who are visually impaired ranges from $700 to more than $1,800. Since the Federal appropriation provides only a portion of the support needed for the purchase of these specialized materials, other funds (e.g., local, State, other Federal programs) are available for the purchase of additional materials either on the open market or from APHB on a cash basis.

STATE AGENCY PURCHASES ABOVE THE QUOTA LEVEL

Mr. Conte: The State education agencies have the option of buying products from the Printing House. How frequently do the States use this option and what percentage of your total sales are of this type?

Dr. Tinsley: Approximately 32% of APHB's total sales for 1989 were Federal quota sales. In addition, approximately $500,000, or 3.6%, of our total sales were from States using non-appropriated funds.

FEE SCHEDULE

Mr. Conte: Can you give us an example of the fee schedule you charge for that portion of your program that does not involve free distribution of materials?

Dr. Tinsley: The Printing House adds a 5.3 percent profit to the cost of materials which are not purchased through the Federal appropriation. Examples of items, their description, cost, and price follow:

Item	Description	Cost	Price
Signature Guide	An aluminum guide to assist in writing one's signature	$3.74	$3.94
Pocket Slate-Standard, Pin Down	An aid in writing and taking notes in Braille	12.55	13.22
Individual Study Screen	Behind screen projection allows close viewing for the low vision student unable to profit from group viewing of slides and film strips	32.52	34.24

Sound Matching Board I	Develops fine motor skills, manual dexterity and auditory matching and discrimination	42.98	45.26
Focus on Earth Science, 7 Volumes	Braille Science Textbook	194.18	204.47

WEDNESDAY, FEBRUARY 21, 1990

NATIONAL TECHNICAL INSTITUTE FOR THE DEAF

WITNESSES

WILLIAM E. CASTLE, DIRECTOR, NATIONAL TECHNICAL INSTITUTE FOR THE DEAF AND VICE PRESIDENT, ROCHESTER INSTITUTE OF TECHNOLOGY

WENDELL S. THOMPSON, ASSISTANT TO THE DIRECTOR, NATIONAL TECHNICAL INSTITUTE FOR THE DEAF AND VICE PRESIDENT, ROCHESTER INSTITUTE OF TECHNOLOGY

MICHAEL E. VADER, DEPUTY ASSISTANT SECRETARY FOR SPECIAL EDUCATION AND REHABILITATIVE SERVICES

CAROL A. CICHOWSKI, DIRECTOR, DIVISION OF SPECIAL EDUCATION, REHABILITATION, AND RESEARCH ANALYSIS, OFFICE OF PLANNING, BUDGET AND EVALUATION

OPENING STATEMENT

Mr. NATCHER. We take up next the National Technical Institute for the Deaf. We have before the Committee at this time the President, Dr. William E. Castle. Dr. Castle, it is a pleasure to have you back.

Before you give us your statement, tell us who you have with you at the table.

Dr. CASTLE. I have my immediate assistant, Wendell Thompson and Michael Vader and Caril Cichowski from the U.S. Department of Education.

Mr. NATCHER. We will be pleased to hear from you at this time.

Dr. CASTLE. I have my immediate assistant, Wendell Thompson, and Michael Vader and Carol Cichowski from the U.S. Department

Mr. NATCHER. It will be included in its entirety.

Dr. CASTLE. We are here to submit the 1991 request for NTID of $37,531,000. Of that, $37,195,000 is for operations of the Institute and $336,000 is for additions to the Endowment Matching Program. We believe the amount being recommended by the Department will allow us to continue to operate at current service levels.

[The information follows:]

DEPARTMENT OF EDUCATION

Statement by

William E. Castle
Director
National Technical Institute for the Deaf and
Vice President, Rochester Institute of Technology

Mr. Chairman and Members of the Committee:

I am pleased to testify in support of the President's 1991 budget for the National Technical Institute for the Deaf.

The National Technical Institute for the Deaf at the Rochester Institute of Technology (NTID at RIT) was created by Congress to provide postsecondary technical education for the Nation's young deaf people to prepare them for successful employment. NTID trains professional staff to serve the Nation's deaf population and conducts research into educational achievement, communications, personal/social instruction, and economic and employment aspects of deafness. The 1991 request for the National Technical Institute for the Deaf is $37,531,000, which includes $336,000 to support the endowment matching grant program.

The specifics of the fiscal year 1991 request follow:

Operations

The fiscal year 1991 request of $37,195,000 for operations, which includes funds for services to students, research, training, information dissemination, and special outreach services, would increase funding by 8.2 percent over the 1990 appropriation level. The increase would be used to provide salary and benefit increases for faculty and staff to maintain NTID's competitiveness in the employment market, cover increased operating costs and acquire new equipment. The funds raised by NTID for tuition, room, board, and fees are expected to increase by 3 percent over 1990. The Federal subsidy would continue to constitute approximately 83 percent of total funding in 1991.

Enrollment

The rubella epidemic of 1964-65 doubled the incidence of babies born deaf throughout the United States during that period. The epidemic caused NTID's admissions to increase from a norm of 375 to 587 in fiscal year 1984. This number gradually declined to 377 in fiscal year 1989. Admissions for fiscal year 1990 were 371, which is the second year in a row where the volume was approximately equal to the pre-rubella norm. At the same time, enrollment grew from a normal pre-rubella level of nearly 1,000, to 1,319 in fiscal year 1985. Following the trend of admissions, this level gradually declined to 1,096 in fiscal year 1990. For the fall of 1991, NTID expects to admit approximately 400 new students. This would result in an enrollment level of about 1,100 students, which is 11 percent over pre-rubella levels. With the admission of international students, we expect enrollment would level off to around 1,150-1,200.

Career Development

The education provided at the National Technical Institute for the Deaf transcends that which is typically provided by a traditional technological institution by dealing with personal/social and communication setbacks that the deaf may experience. Through a coordinated system of direct instruction and instructional technology development, and support services such as tutoring, notetaking, and career counseling, the Institute strives to offer educational programs geared to the specific needs of each student. This approach has proven highly successful. An indication of our success is that, historically, more than 90 percent of our graduates who seek employment have been placed in jobs within eighteen months of their graduation.

Research

Studies performed through NTID'S Department of Communication Research, Department of Educational Research and Development, and Office of Postsecondary Career Studies and Institutional Research benefit deaf students and adults throughout the country. In addition to fulfilling their primary mission -- providing information that can lead to better teaching, training, and curriculum development at NTID -- research findings have an even greater impact when they are applied on a national and international basis.

To ensure that NTID's research departments continue to meet these standards, an institutional framework for research was implemented in fiscal year 1988. "A Framework for Research: Priorities, Models, Principles" established a program that is consistent with the Institute's priorities and allows for greater accountability. Highlights of this year's accomplishments are listed below for each research area.

Educational Outreach

In fiscal year 1989, the Educational Development Outreach Project programs reached out to audiences it had not previously served. NTID's systematic approach to outreach efforts that address career development needs of deaf people is designed to serve six audiences: employers, deaf adults, parents of deaf children, mathematics and science educators, language development educators, and support services personnel. In its second year, the project launched pilot programs to serve two of its audiences and continued a third effort initiated last year. Other programs currently are in planning stages and will be piloted in future years. During the summer of 1989, three workshops were held at RIT, two for deaf graduates working in the economic mainstream and one for math, science, and resource room teachers serving deaf students in mainstream secondary chool environments.

In addition, a workshop that promotes an understanding of deafness and deaf employees and encourages employers to hire deaf people was made available on a regional basis by NTID's National

Center on Employment of the Deaf. This program has been offered consecutively for two years in a row. The workshop was presented to 176 people and was offered for the second time in Chicago, Los Angeles, and Columbus, Ohio, and for the first time in New York City and Seattle. Another outreach program "Working Together: Deaf and Hearing People," a workshop and series of training materials focusing on the supervisor/employee relationship and career development of deaf employees, was presented to personnel representatives and supervisors at companies throughout the country. The program's participants now are able to train others who work with deaf people.

As a way of expanding the impact of outreach activities for deaf adults, NTID recently initiated the establishment of a network of postsecondary programs and rehabilitation agencies serving deaf people. This network, the Council of Directors, is composed of the leaders from Gallaudet University, NTID, and the Regional Postsecondary Educational Programs for the Deaf: California State University at Northridge, the Postsecondary Consortium at the University of Tennessee at Knoxville, Seattle Central Community College, and St. Paul Technical College. In addition, the president of the American Deafness and Rehabilitation Association, the Executive Director of the National Association of State Directors of Special Education, and the chairperson of the subcommittee on deafness of the Council of State Administrators of Vocational Rehabilitation serve as ex-officio representatives.

This cooperative effort allows each institution, program, or organization to enhance its efforts to meet its mandate by reaching out to a variety of audiences and enables each to call upon the collective expertise of the group in accomplishing its goals.

Other NTID outreach programs served a variety of people, including professional interpreters; elementary, high school, and graduate students; professionals who work with deaf people; and people interested in learning more about deafness. In fiscal year 1989, the Institute's various interpreter and notetaker training programs served 321 people. The emphasis of NTID's summer program changed this year from providing basic interpreter training to advanced and specialized training for interpreters already in the profession. A one-week course, "Sign Semantics," was offered on a pilot basis this summer.

The two-year associate degree program in educational interpreting continued to provide training to more than 60 students. This fall, 28 new students enrolled in the program and, thanks to extensive recruiting efforts, six of those students are minorities.

Sunshine Too, NTID's professional touring theater company, entertained and educated 67,750 school children and adults in 36 States. This group of deaf and hearing actors presented 605 performances and workshops at a variety of sites, including public schools, schools for deaf students, and colleges.

Explore Your Future, a summer program for deaf high school juniors that promotes career, technical, and personal awareness, attracted 86 students--19 more than last year--from 22 States. There was again this year a healthy representation of minority students--6 percent.

The 100 percent placement rate of the joint educational specialist program, a master's degree program in education sponsored by the Rochester Institute of Technology and the University of Rochester, was maintained.Each of the program's five certified graduates found jobs in which they will serve deaf students. Of the 21 students who enrolled in the two-year program in the fall of 1989, three are deaf.

Numerous training programs were offered by faculty and staff members to professional groups, community organizations, educational personnel, and graduates on topics that ranged from telephone accessibility to sign language proficiency rating, to working with deaf employees.

Thirty-two people from 13 States and Denmark, England, India, and Korea participated in professional, graduate, and special internships in areas that included audiology, counseling, sign communication, and teaching. Seven of the interns are deaf and three are members of minorities.

Nearly 61,000 educational awareness materials, including "Tips for Communicating with Deaf People" and "Answers to your Questions About Hearing Loss," were shared with schools, employers, government agencies, and vocational rehabilitation centers.

More than 5,600 people, including prospective students, special speakers, and foreign officials, visited NTID.

Endowment Grant

Three hundred and thirty six thousand dollars is requested for the endowment matching fund authorized by the Education of the Deaf Act of 1986. NTID will receive these funds as it raises additional endowment funds from non-Federal sources on a dollar for dollar matching basis. In addition, the Institute can spend up to fifty percent of the income derived from the investment of these funds for operations or special programs. The use of the endowment approach is an important step toward decreasing NTID'sdependence on Federal funding in future years. In fiscal year 1989, NTID matched the entire amount appropriated, $198,000, and has raised nearly half of the $322,000 appropriated for fiscal year 1990.

Summary

In summary, the 1991 request will enable the National Technical Institute for the Deaf to continue to pursue its commitment to the achievement of equal opportunities for disabled persons. In the Institute's brief history, it has been shown that young deaf adults can overcome the consequences of their disability, become contributing members of society, and vastly improve the quality of their lives. On the pragmatic side, recent collaborative research between NTID and the Internal Revenue Service shows that graduates of NTID pay back the cost of their education in 10 to 13 years and have lifetime earnings that are 2 to 3 times greater than deaf persons with no degree.

Mr. Chairman, I will be pleased to answer any questions you may have.

DEPARTMENT OF EDUCATION

Special Institutions for the Handicapped
National Technical Institute for the Deaf

Biographical Sketch

NAME : William E. Castle

POSITION : Vice President for Government Relations,
Rochester Institute of Technology, Director, NTID

BIRTHPLACE AND DATE : Thomas, South Dakota - September 5, 1929

EDUCATION : Northern State Teachers College - 1951, B.S.
State University of Iowa - 1958, M.A.
Stanford University, 1963 - Ph.D.

EXPERIENCE :

PRESENT : Vice President, Government Relations - RIT
Director - NTID
Sept. 1979 : Vice President, RIT
Director - NTID
1977-1979 : Dean and Director, NTID
1969-1977 : Dean, NTID
1968-1969 : Assistant to the Vice President & Director of
Division of Instructional Affairs, NTID
1965-1968 : Associate Secretary for Research and Scientific
Affairs, American Speech and Hearing Association
1963-1965 : Assistant Professor, Speech Pathology & Audiology,
University of Virginia
1961-1963 : Instructor, Speech Correction, Central Washington
State College
Summer 1961 : Instructor, Speech Correction, Central Washington
State College
1960-1961 : Instructor, English, Experimental Phonetics Lab,
Stanford University
1958-1960 : Instructor, Speech Correction, St. Cloud
State College
Summer 1956 : Customers Broker, Frank P. Dow Company
1952-1956 : Communications Specialist, United States
Air Force
1951-1952 : Secondary Teacher, English & Speech
Faulkton High School

ASSOCIATION MEMBERSHIPS : Academy of Rehabilitative Audiology
: Alexander Graham Bell Association for the
Deaf, Inc. (Life Membership - currently serves as
President Elect)
American Association for the Advancement of Science

ASSOCIATION MEMBERSHIPS

American Association of Community and Junior Colleges
American Association of Higher Education
American Association of Phonetic Sciences
American Association of School Administrators
American Deafness and Rehabilitation Association
American Speech-Language-Hearing Association
American Society for Deaf Children
Association for Equality and Excellence in Education, Inc.
Association on Handicapped Student Service Programs in Postsecondary Education
Conference of Educational Administrators Serving the Deaf, Inc.
Convention of American Instructors of the Deaf
Council for Exceptional Children
Empire State Association of the Deaf
International Society of Phonetic Sciences
Monroe County Association for Hearing Impaired
National Association of the Deaf
National Organization on Disability
National Rehabilitation Association
New York State Speech and Hearing Association
Registry of Interpreters for the Deaf
Telecommunications for the Deaf, Inc.
World Federation of the Deaf

PUBLICATIONS:

Castle, W.E. "Mainstreaming Techniques for Hearing Impaired Students - What Ten Years Have Taught Us." Presented at the First Annual Conference of the Massachusetts Office on Deafness - October 1978

Castle, W.E. "Roads to Independence." Presented at the West Coast Family Outing of the Alexander Graham Bell Association of the Deaf - November 1978

Castle, W.E. "Recent Developments in Vocational Education for the Deaf in the U.S.A." Presented at the 8th World Congress of the World Federation of the Deaf, Varna, Bulgaria - June 1979

DECLINING ENROLLMENT LEVELS

Mr. NATCHER. Thank you, Dr. Castle. Now for at least the third year in a row the number of students applying for admission to the National Technical Institute for the Deaf and actually enrolling has decreased. Why is this happening and what are the long-term implications on staffing if this trend persists?

Dr. CASTLE. One of the basic reasons for the decrease is that in the years 1983 and 1984 we accommodated the bulk of the rubella bulge.

In the years that have passed most of those students have exited the system, and now the student number, which is made up only of U.S. citizens, is beginning to go down. We anticipate the 1,100 enrollment level will remain the same in the coming year. This is primarily because, in the fall of 1990, we have permission to permit foreign deaf students as well. There will not be a large group this year because we were not able to go public with that information until mid-November.

FOREIGN STUDENTS

Mr. NATCHER. When will you admit the first group of foreign students and how many are you expecting?

Dr. CASTLE. The latest report from the admissions office is that there have been 30 applicants from other countries, all but six from Canada. Thirteen of the applications have been found acceptable. Five have been rejected and the others are undergoing analysis. We expect the final number to enroll this year to be between 20 and 30.

Mr. NATCHER. Does the Institute plan to restrict the number of foreign students admitted?

Dr. CASTLE. We believe that we can accommodate foreign students until we reach our optimal level, which is 1,250 students.

Mr. NATCHER. The Department is in favor of a tuition surcharge of 135 percent for foreign students which we understand is the equivalent of what the land grant colleges and State universities charge out-of-state students. What impact will a surcharge of this magnitude have on foreign students? Do you think that they will still come, Dr. Castle?

Dr. CASTLE. I think it might have a negative impact on the number of foreign students, but we have no experience in this area. We believe a 50 percent surcharge is a good compromise, and I believe Dr. Jordan testified the same way. If the surcharge goes as high as 135 percent, I think it may well have a very negative impact on the foreigners who can come to our institution other than those from Canada.

SALARY INCREASE

Mr. NATCHER. The budget justification that we have states that the bulk of the fiscal year 1991 increase requested for the Institute will be used for salary compensation. Is the 6 percent increase intended to maintain parity between the staff of the National Technical Institute for the Deaf and the Rochester Institute of Technology?

Dr. **Castle.** Yes, sir, that is the primary reason for the request level of that size.

EFFECT OF AGREEMENT WITH RIT ON SALARIES

Mr. **Natcher.** Last year the Senate requested a report on how the Federal Government's agreement with Rochester to operate the National Technical Institute for the Deaf relates to salary increases.

A copy of that report will be placed in the record.

[The information follows:]

SPECIAL INSTITUTIONS FOR THE HANDICAPPED

ANALYSIS OF THE AGREEMENT BETWEEN THE FEDERAL GOVERNMENT AND THE ROCHESTER INSTITUTE OF TECHNOLOGY FOR THE NATIONAL TECHNICAL INSTITUTE FOR THE DEAF

The purpose of this report is to analyze the provisions of the Department's agreement with the Rochester Institute of Technology (RIT) to operate the National Technical Institute for the Deaf (NTID), historical data on salary increases, and the legal context in which NTID operates to determine whether the agreement between the Federal Government and the Rochester Institute of Technology requires NTID to provide salary increases identical to those provided by RIT.

BACKGROUND

The National Technical Institute for the Deaf cites the following general provisions of paragraph IX of the 1966 agreement between the Department of Health, Education, and Welfare and RIT in support of its contention that it is required to provide the same salary increments as RIT:

> "Except as otherwise herein provided, in the construction, equipment, and operation of the Institute, the Sponsor shall observe and be guided by its normal institutional practices which govern the operation of its education institution and will furnish to the Secretary, if requested by him, justification for such variances from the Sponsor's normal fiscal practices because of the special nature of the Institute or the special types of services rendered."

Additional support is contained in the "Policies, Guidelines, and Application Procedures" developed by the National Advisory Board on the Establishment of the National Technical Institute for the Deaf. This document is incorporated by reference by section II of the Agreement and states that:

> "All contemplated and budgeted items for salaries, travel costs, retirement, insurance, sick leave, annual leave, sabbatical leave, service charges, etc. must conform to the standard rates and policies of the sponsoring institution."

Differences in employment practices between staff at NTID and RIT date back to the early days of the institution. NTID faculty were originally on twelve-month contracts and limited to four weeks' vacation. RIT faculty were on ten-month contracts and only expected to be at the University when students were present. NTID faculty also were paid less, on average, than comparable RIT employees. In the early 1980s, NTID faculty demanded equal pay and working conditions with RIT. In 1982, an external benchmark was established for determining appropriate salaries for NTID faculty. The benchmark was a composite of the salaries of five urban New York State community colleges, RIT, and Gallaudet University. The community colleges included Monroe, Erie, Suffolk, Nassau, and Onondaga Community Colleges. At that time, the Institute determined that NTID faculty were paid, on average, approximately 12 percent below the average salaries of the benchmark group.

A compromise was reached whereby NTID faculty were converted from twelve-month contracts to ten-month contracts without a commensurate reduction in annual salary. Working conditions were thus brought more closely in line with the rest of RIT. However, when salaries were standardized to the ten-month contract term, NTID salaries were higher than the benchmark group by nine percent. To counter the resulting inequity, annual salary increases for NTID faculty were kept slightly below those for RIT until 1987 when average salaries were equal to the average of the benchmark group.

In March 1985, the General Accounting Office released a report, Educating Students at Gallaudet and the National Technical Institute for the Deaf: Who are Served and What are the Costs? This report contained data on average salaries by rank for 1983-84. GAO found that NTID average salaries for each rank were higher than the median salaries for two year vocational-technical institutions in New York State and the five benchmark community colleges selected by NTID as similar institutions. However, total compensation was lower because of benefits. The GAO report pointed out that the average compensation package, with benefits, was $2,700 lower than RIT's, $1,500 lower than two year vocational-technical schools in New York, and $6,100 lower that its self-selected peer group.

The following table shows average salaries and percentage of personnel in each category for RIT and NTID for 1988-89:

	NTID		RIT	
Rank	Personnel	Salaries	Personnel	Salaries
Professor	6%	$48,290	30%	$45,215
Associate	34%	40,321	38%	38,062
Assistant	42%	30,779	28%	32,829
Instructor	18%	24,349	4%	27,561
Average	100%	31,476	100%	36,173

LEGAL CONTEXT

The Department has reviewed the Agreement and the Policies, Guidelines, and Procedures. Based on an analysis of these documents, the Department believes that the provisions in these documents indicate an intention that salaries at NTID be set in accordance with the standard rates and policies of RIT. It is also clear that this has not always been the case. However, we do not interpret these provisions as obligating NTID to strictly adhere to RIT's salary policy in all cases or provide salary increases in lockstep with RIT. Paragraph IX of the Agreement requires RIT to furnish to the Secretary, "if requested by him, justifications for such variances from the Sponsor's normal fiscal practices because of the special nature of the Institute or the special types of services rendered." This provision clearly contemplates circumstances where RIT and NTID would not be obligated to have identical policies on employee compensation.

In addition, Section XX of the "Policies, Guidelines, and Application Procedures" states that:

> "The Secretary may with respect to the agreement impose additional conditions prior to or at the time of any payment when in his judgment such conditions are necessary to assure or protect advancement of the Institute, the interests of the Institute, or the conservation of Federal funds" (emphasis added).

This provision allows the Secretary flexibility to require NTID to reduce general or specific expenditures to conserve Federal funds or maintain expenditures for specific educational and support programs if a general reduction in funding were to occur. The Secretary, therefore, could alleviate NTID of its obligation to provide comparable salaries if doing so would prevent an allocation of resources that adversely affected the overall quality of the program at NTID. For example, in the case of a general sequester, it may not be in the best interest of students at the Institute if funding for student services were cut in favor of salary increases for faculty and staff. Such an action might be necessary to ensure that funds are used to provide the best educational program possible at NTID. In addition, in developing the request for NTID, the Secretary may determine, based on an analysis of NTID's needs and the need to conserve Federal resources, that an increase different from that projected for RIT would be justified.

DEPARTMENT POLICY

It is evident that the two institutions are not comparable in many ways. NTID was created by an Act of Congress and is maintained under a contract between the Federal Government and RIT. The sources of revenue and budgets of the two institutions are different and distinct. For example, school year 1989-90 tuition for undergraduate students at RIT is $3,384 per quarter or $10,152 for a three quarter term. Tuition for NTID students is a total of $3,084 for the three quarter term. The salaries, educational programs, degrees conferred, services provided, and functional levels of students served at NTID and RIT are different in many ways.

Following is a history of average percentage merit increases provided by the Rochester Institute of Technology. The RIT increases are compared to the Higher Education Price Index (HEPI) and data from the Annual Report on the Economic Status of the Profession by the American Association of College and University Professors (AAUP):

School year	RIT	HEPI	AAUP
1989-90	6.0%	6.0%	6.0%
1988-89	5.5%	5.5%	5.8%
1987-88	4.0%	4.4%	5.8%
1986-87	7.5%	4.2%	5.9%
1985-86	3.0%	4.4%	6.1%
1984-85	6.0%	6.7%	6.6%
1983-84	5.0%	5.4%	4.7%
Cumulative	43.3%	42.8%	47.5%

NTID provided the comparison percentages to show that increases provided by RIT are not out of line with those provided elsewhere in the field. However, the Department's primary concern is not whether the increases have been reasonable. It is whether the RIT increases are always necessary and appropriate for NTID and that a strict policy of comparability may result in adverse effects on students. The University is a private entity which determines salary levels and increases based on internal financial considerations. In order to maintain a policy of strict equality in increases at NTID, programs might be reduced or projects such as maintenance may be deferred for prolonged periods resulting in dangerous conditions or the need for major renovations. For fiscal year 1990, NTID requested and Congress provided funding for renovations to remedy safety and security hazards that had accumulated in its dormitories. Conversely, it is possible that RIT could suffer a downturn that would allow no increase or a very low salary increase in a given fiscal year. However, NTID might have sufficient resources to provide a higher increase. It is also possible that, following the start of the fiscal year, declining enrollments would indicate the need for a decrease in personnel, providing savings that could be used for other purposes such as compensation improvements. Should NTID's ability to increase faculty salaries and compete in the marketplace be restricted unnecessarily?

The increases anticipated by RIT are important and valid factors to be considered in developing the request for this account. However, the Federal appropriations process cannot be held hostage to agreements over which it has no control. NTID has made great strides in making its compensation package competitive with RIT and its benchmark schools and is fully capable of making a case for why it needs to make further gains. For example, NTID is concerned with increasing its competitiveness in recruitment and retention of faculty. In recognition of this, the President's budget for fiscal year 1991 includes an 8.2 percent increase for NTID operations. This level was determined on the basis of the submission from NTID and other information available to the Department, including the most recent information on RIT's plans regarding salaries and benefits.

CONCLUSION

It is our conclusion that the agreement between RIT and the Federal Government indicates that NTID employees are to be compensated in a manner that is comparable to RIT. Within the confines of available resources, it was the intent of the Agreement to provide comparable salaries, benefits, services, and equipment. However, the agreement provides the Secretary and NTID with a basis for deviating from absolute parity in salaries if doing so is justified by the need to protect the educational program or efficient use of Federal funds. The Department of Education believes that it would not be good policy, or in the best interest of the Institute, to require NTID to provide comparable personnel compensation and benefit levels with RIT in all cases. Since we believe that the Agreement provides sufficient latitude to permit exceptions from the general practice, we conclude that the Institute and RIT did not violate the Agreement in the past, and it is not necessary to change the provisions to increase our latitude in the future.

The historical context indicates that NTID's average compensation package has differed from that of RIT. For the most part, it was lower. It is understandable that NTID would want to provide compensation and give increases consistent with RIT since they are located on the same campus and share many of the same facilities.

However, RIT is a private, independent university. The Department cannot control RIT's personnel compensation policy. At the same time, RIT policy should not dictate appropriations policy for the National Technical Institute for the Deaf.

EFFECT OF AGREEMENT WITH RIT ON SALARIES

Mr. NATCHER. Now briefly, Doctor, the Department agrees that the original intent was for salary comparability, but they indicate that various circumstances can and do allow for differences.

Would you like to comment on the Department's conclusion, Dr. Castle?

Dr. CASTLE. We believe the conclusion of the Department to be incorrect. We believe that there are three basic considerations that we have to keep in mind as we look at maintaining pay parity with the rest of the host institution.

First, we have a legal consideration. The contract that exists between the Rochester Institute of Technology and the Department states that policies regarding operations will conform to those of the host Institute. The second is a political concern. We believe it would be out of order for the staff of NTID to be dealt with in a manner different from the staff of RIT.

This could create a massive morale problem, particularly if the difference is in a negative direction. We have had that problem in our history, and we would not like to have a repetition of it.

The third consideration is maintaining our level with other markets, that is, maintaining competitiveness with other institutions. It is the same rationale that Gallaudet offers for its interest in proposing salary increases for faculty and staff.

Mr. THOMPSON. With respect to remaining competitive in the market place, right now we are faced with a situation whereby our faculty salaries at the assistant professor level are approximately $1,000 less than the market to which we compare ourselves.

Our professional staff are roughly 6 percent below that market and our clerical staff are somewhere in the neighborhood of 10 percent below that market.

So we at least want to keep up with what RIT is recommending for increases. I know they plan possibly next fall to add some additional monies to help catch up. So the overall salary increase may be greater than 6 percent.

Mr. NATCHER. Mr. Vader or Ms. Cichowski, do you desire to make a statement?

Mr. VADER. I am unfamiliar with that issue. I will ask Ms. Cichowski to respond.

Ms. CICHOWSKI. In developing the report, we asked our Office of General Counsel to review the agreement that the Department has with the Rochester Institute of Technology, and their findings are reflected in our analysis.

As our report notes, the agreement by its very terms anticipates circumstances where the Secretary may want to make allowances or may want to permit NTID to deviate from RIT policy to protect the interests of the Institute, the advancement of the Institute, or to conserve Federal funds.

The Department concluded that by the very terms of the agreement, it anticipated the need for the Secretary to allow NTID, in special circumstances, to deviate.

This might be necessary in the case where Congress imposed a sequester, for example, and the Secretary determined that it was in the best interests of the students to allow the Institute not to impose a comparable salary increase in order to maintain programs and protect services for students.

Along the same lines, there could be a situation where, given fiscal constraints and what the Secretary determines to be in the best interests of the Institute, that it was not necessary for NTID to remain competitive to adhere to an increase that RIT was proposing for its faculty.

Although we certainly plan to be sensitive to NTID's interest in keeping up with RIT, I think it is important to take into account the particular interests of NTID in any given year in determining what the appropriate level of increase should be. Finally, I would emphasize that it is hard to imagine that the Department would have entered into an agreement that essentially holds the Federal appropriation hostage to salary policies that are determined by an organization that is not within our control.

It is hard to imagine that we would enter into an agreement that would require the Department, no matter what RIT was proposing, to request an appropriation for NTID that was sufficient to accommodate the proposed increase.

EFFECT OF AGREEMENT WITH RIT ON SALARIES

Mr. **Thompson**. May I comment on that?

Mr. **Natcher**. Go ahead, Mr. Thompson.

Mr. **Thompson**. Never in our history have we held the appropriations hostage to our salary increases. When we received a 1.9 percent appropriations reduction, we still granted a 5 percent increase to our faculty to keep us consistent with the Rochester Institute of Technology.

The way we did that was to reduce our staff by 35 people because of the declining enrollments that you mentioned earlier. We felt it would be political suicide for us to sit there as employees of NTID and receive increases less than RIT employees in bad times and perhaps receive greater ones than the host institution in good times.

It just doesn't follow to me.

Ms. **Cichowski**. If I could respond to that, what we are saying is that, as a matter of law, from our perspective, NTID cannot argue that either the Congress is required to appropriate a certain amount or that the Department is required to request a certain amount because that is what is required to keep pace with RIT.

We would agree that, as a matter of policy, it may be prudent for NTID to stay in line with RIT. However, based on our legal interpretation of this agreement, the Department does not believe that we or Congress are required, no matter what the RIT proposal is, to accommodate it through the appropriations process. That is all we are saying here.

Mr. **Natcher**. Mr. Stokes, I yield to you.

AFFIRMATIVE ACTION PROGRAM

Mr. **Stokes**. Thank you, Mr. Chairman.

I will submit my questions. I want to take a moment and express my appreciation to Dr. Castle and Mr. Thompson. I visited the campus and had an opportunity to view the facility, see the classrooms and meet with faculty and staff. I also had an opportunity to meet with the affirmative action committee that they have appointed there.

I enjoyed the visit. I want to thank you for the many courtesies extended to me. I want to congratulate you on the many successes you are having in affirmative action.

I am sorry I have to leave because of another commitment. I will submit my questions for the record.

Mr. NATCHER. Thank you. Mr. Conte.

Mr. CONTE. I would like to take this opportunity to welcome the representatives of the National Technical Institute for the Deaf, especially my good friend Bill Castle.

Bill, every year you come up here you have promised to tell me—but you have not—the name of your haberdashery. I want to put this on the record. Who is your haberdashery?

Dr. CASTLE. I will submit that information for the record.

[The information follows:]

WARDROBE MANUFACTURER

The items to which you refer are made by Mode Elegant, Peninsula Hotel, Hong Kong.

Mr. CONTE. Does he charge you a premium for working in color?

Dr. CASTLE. Sometimes.

Mr. CONTE. I saved this card I received in the mail. I wanted to say how ready NTID was to receive its first international student. Can you translate the Japanese on this card?

Dr. CASTLE. I think it says Merry Christmas or Happy Holidays.

Mr. CONTE. You know how I feel about NTID—I am very supportive.

Dr. CASTLE. Thank you, very much.

MAINTENANCE OF FACILITIES

Mr. NATCHER. Dr. Castle, the fiscal 1990 appropriation included $476,000 in construction funds to address an emergency safety violation. What is the status of that project?

Mr. THOMPSON. We originally asked for $3,000,000 for a variety of improvements in the dormitories, but that amount was subsequently reduced to $932,000 by the Department. Then after negotiations with Congress on the budget last year, it was determined that $476,000 was needed for safety and security projects. I guess the fundamental point here is that the $476,000 will, in fact, allow us to complete the safety and security projects that are needed immediately.

The students will not be in any danger, because we will install the smoke hatches and strobe lights in the dormitories which were our top two priorities.

After that, we have some other renovations to make, but these projects have been put on hold because the host institution has an asbestos problem in its dormitories. We do not have that problem at NTID. Our dormitories need to be used by RIT in the summer; therefore we cannot get into them to make some of the renovations we need to make.

We may be coming back to the Committee asking for a few additional dollars at some point, but we are working to establish a long-range maintenance plan and hopefully will not hit you with anything major in the future.

Mr. NATCHER. Over what period of time do you think this will exist, generally?

Mr. THOMPSON. The particular concerns to be addressed by the $476,000 will be taken care of this year.

Mr. NATCHER. As far as the renovation is concerned in regard to asbestos, what period of time is involved?

Dr. CASTLE. This coming summer will be the second summer of RIT's having to work with that problem.

We would not be able to begin additional work until 1992.

Mr. NATCHER. The budget justification states that the Institute plans an in-depth review of the institution to develop a long-range maintenance schedule. When will this be completed?

Dr. CASTLE. This is what Mr. Thompson was alluding to a moment ago.

Mr. NATCHER. We have just a few questions, Dr. Castle, that will be submitted to you for the record. It has been a good hearing, Dr. Castle. Thank you very much. The committee will now adjourn until 10 o'clock tomorrow morning.

[The following questions were submitted to be answered for the record:]

LOW FUNCTIONING DEAF ADULTS COMPETITION

Mr. Natcher: Last year the Congress appropriated $900,000 to establish a consortium whose primary focus would be to provide educational and vocational rehabilitative services to low-functioning adults who are deaf. What is the status of these awards?

Dr. Castle: Congress directed that the competition for these funds be administered by the Department through the Special Projects and Demonstrations Program of the Rehabilitation Services Administration. The expertise for this program lies beyond the scope of NTID, so we will not apply directly for any of these funds. However, we stand ready to help others who may wish to apply. We are pleased that we were able to play a catalytic role in the development of the Consortium concept, and will play whatever advisory role is necessary in the future.

Mr. Vader: The Office of Special Education and Rehabilitative Services is responsible for administering this program within the Department of Education. A proposed priority notice has been prepared outlining the scope of the projects and the requirements for potential applicants. The purpose of the priority is to expand and improve educational and rehabilitative services to maximize the vocational potential of deaf adults who are low functioning. The notice is entering the final stage of the clearance process and should be published in late March.

Mr. Natcher: No funds are requested in the fiscal year 1991 budget to continue the consortium. Why is this?

Dr. Castle: This program is the responsibility of the Department of Education. They developed the request for this program and it is their decision not to fund it for fiscal year 1991. Personally, I think it is too soon to terminate the program before any tangible results are realized from the first appropriation.

Mr. Vader: We believe it is premature to commit additional funding to this project. The Department is in the process of establishing a new Research and Training Center under the National Institute on Disability and Rehabilitation Research that, as part of its mission, will determine the best methods for meeting the needs of these individuals. In addition, the Department has requested $500,000 under Special Institutions for the Handicapped -- Evaluation Studies to conduct a comprehensive evaluation of postsecondary education opportunities for persons who are deaf. The low-functioning deaf competition is a one-year demonstration project. The results of this study, the NIDRR center on low functioning deaf, and the demonstration projects funded under this competition should be assessed prior to committing ongoing funds toward a particular service approach.

MEDICAL RECORDS TECHNOLOGY

Mr. Natcher: Gallaudet University recently requested funds to begin a two-year program in Medical Records Technology. The

Department did not approve the request. Would NTID have concerns about this because of duplication of program?

Dr. Castle: To answer your question directly, the program would be duplicative of the program at NTID. In addition, we believe there are several constraining factors in the Washington, D.C. area, as well as changes in the profession, that would not bode well for a another two year program in that region. There are several existing medical record technology programs for hearing students in the Washington, D.C. area. These programs might be open to developing the capacity to serve deaf students. However, most young deaf people have few choices in terms of postsecondary academic environments, therefore, a certain amount of duplication by Gallaudet and NTID is to be expected and may even be desirable in order to afford young deaf people with some degree of choice regarding academic environment and location. We suggested to Gallaudet as early as October of 1987 that, if they did pursue this option, it would be in their best interest and NTID's if they pursued a four year program rather than a two year program like ours. This would provide students who graduate from our two year Medical Records Technology degree with the opportunity to continue their education at the B.S. level. It would further provide deaf students entering college a choice of either a two year medical records technology or a four year medical records administration degree.

COMPETITION WITH GALLAUDET FOR STUDENTS

Mr. Natcher: Does the fact that NTID students have access to Rochester Institute of Technology degree programs mean that NTID and Gallaudet are in competition for the same students?

Dr. Castle: We believe it does not occur to a great extent. Gallaudet University is reputed for its Liberal Arts education. The Rochester Institute of Technology (RIT), by virtue of its name and mission, is a technological university. It offers nearly 150 degree options in its network of nine colleges, including NTID. There is the College of Applied Science and Technology offering programs in Computer Science, Packaging Science, Food and Hotel Management, Manufacturing, Civil, Electrical and Mechanical technology; the College of Business offering Accounting, Finance, Management, Marketing and Human Resource Management; the College of Engineering offering programs in Microelectronics and all basic engineering options; the College of Fine and Applied Art offering programs in Graphic Design, Painting, Ceramics, Woodworking and Metalcraft; the College of Graphic Arts and Photography offering programs in Photography, Imaging Science, and Printing; the College of Science offering programs in Biotechnology, Clinical Chemistry, Diagnostic Medical Sonography, Mathematics and Physics; the College of Liberal Arts, which also offers programs in Criminal Justice, and Social Work and provides courses necessary to meet the liberal arts requirements of the other degree programs; and the College of Continuing Education which offers many of the programs listed above on a part time basis in the evening.

Mr. Vader: The Department does have some concern in this area. For example, both institutions have schools of business. There also is a high transfer rate back and forth between the two institutions. This may indicate that students find they wish to pursue a different career path after they have tried one of the schools or they may just want a different location or social environment. There is bound to be some duplication because of the need to fulfill liberal arts requirements. However, Congress created NTID as a technical school alternative to the liberal arts education offered at Gallaudet. The Department believes that it is important that the two institutions maintain their distinct missions.

SKILL LEVELS OF STUDENTS FROM MAINSTREAM AND RESIDENTIAL SCHOOLS

Mr. Natcher: According to the justification, hearing impaired students who received their secondary education at mainstream schools comprised 67% of students admitted to NTID in 1989. Is there a measurable difference in the skill levels these students bring to the Institute compared to the skill levels of students educated in schools for the hearing impaired?

Dr. Castle: NTID maintains records on the academic preparation for postsecondary education of all entering students. We have found no significant difference in mathematics ability. Both groups average just above the 10th grade level on the Stanford Achievement Test's mathematics subtests. On the reading subtest, their is a difference which comes to slightly more than one grade level. The average score for mainstreamed students is just above the 8th grade level, while the average score for students from schools for the hearing impaired is just above the 7th grade level. On the Michigan Test of Language Proficiency, a test used to determine academic qualifications in use of the English language, there is an 8 percent difference in the scores in favor of mainstreamed students.

There are also statistically significant differences between the entry oral/aural skills of deaf students receiving their secondary education in mainstream schools and those students educated in schools for the hearing impaired. The oral/aural communication skills of the mainstreamed students are generally better: they score 12 percent higher on a test of their ability to understand speech; 18 percent higher on a test of speechreading ability; and 20 percent higher on a test of speech intelligibility.

It certainly appears that deaf students entering NTID from mainstreamed environments have better oral/aural communication skills and better English language skills than students entering from schools for the hearing impaired. However, we must stress that these differences should not be used to assess the general quality of education in either type of educational setting. Since assignment to the educational setting is not random, one cannot account for environmental and individual differences that would exist in students attending either of the program types. It could be that students with better English language and oral/aural skills are assigned, at an early age, to mainstreamed environments, while those with poorer oral/aural and English skills are referred to schools for hearing impaired students. Also, we do know whether the educational background of parents of mainstreamed students is significantly higher than parents of students from schools for the hearing impaired. Differences among individual students exist despite the educational environment. These variables could account for much of the difference. Therefore, while students from mainstreamed educational settings have better skills in these areas, these differences should not be used alone to make judgments concerning the quality of education within these environments.

CONSOLIDATED ACCOUNT

Mr. Natcher: The Administration has again proposed consolidating the accounts for the Institute, Gallaudet, and the American Printing House for the Blind. Dr. Castle, how do you feel about it?

Dr. Castle: We do not feel it is in our best interests to be consolidated into one account called Special Institutions for the Handicapped, with Gallaudet and the American Printing House for the Blind. The three institutions now enjoy the privilege, the appropriate attention, and the accountability that goes with being a line item in the President's budget. We are different institutions with different priorities and needs which cannot be accurately reflected in a consolidated financial presentation. I do not think the time saved by the Department by consolidation will make up for the reduction in clarity.

UNEMPLOYMENT RATES AMONG THE DEAF

Mr. Natcher: The unemployment figure of 4% from NTID's class of 1988 is below the national average for all Americans. How does this figure compare to unemployment rates for students from other postsecondary schools for the deaf?

Dr. Castle: As of this point in time, 155 of the 224 graduates in fiscal year 1988, or 69 percent, have chosen to enter the labor market. Of those in the labor force, 146, or 94 percent, are employed. NTID does not routinely collect data about the employment conditions of graduates from other postsecondary schools for the deaf. Some data are available from the Secondary School Follow-Up of Graduates. Through this survey, NTID annually assists 26 secondary programs for the deaf to gather employment information about their graduates. From 1985 to 1989, data are available for 402 individuals who went on to achieve a postsecondary degree from programs other than NTID. During this period, 86 percent of these 402 graduates were in the labor force, and they had an unemployment rate of about 16 percent. We must point out that this number does not represent a random sample of deaf postsecondary graduates and a much larger percentage chose to enter the labor market. However, it does indicate the relative success NTID has had in educating and placing students in the world of work.

EMPLOYMENT HISTORY OF NTID GRADUATES

Mr. Natcher: Has NTID taken a longitudinal look at the employment history of its graduates?

Dr. Castle: NTID annually administers an Alumni Feedback Questionnaire (AFQ) to all its graduates. The questionnaire has included similarly constructed questions about labor force participation, employment, occupation, and earnings since 1982. As a result, NTID has been able to build a data base that includes some 1,517 graduates, approximately 50 percent of a total of over 3,000 graduates.

In 1989, an analysis was undertaken that examined the employment conditions of all graduates who had responded to both the 1982 and 1988 AFQs. This longitudinal analysis of mobility indicated that labor force participation remained constant at 91.2 percent. Unemployment, however, dropped from 7.3 to 2.3 percent. Earnings increased by just over 10 percent per year, substantially faster than the rate of inflation. Though the percentage of White Collar workers remained constant (87.4 percent), the number of those in Managerial/Professional positions increased from 34.3 to 41.1 percent.

In addition to the AFQ, NTID has collaborated for the past four years with the Statistics of Income Division of the Internal Revenue Service to analyze the earnings of deaf adults in the United States. Results of this research effort has clearly shown that deaf individuals who complete postsecondary education have a significant earnings advantage over deaf individuals who do not complete a postseconadry education.

Mr. Natcher: Have studies been done that look at employment rates for hearing impaired students educated in mainstream institutions versus those educated by institutions such as NTID, Gallaudet, and the other postsecondary schools for the deaf?

Dr. Castle: To our knowledge, no such studies have been conducted. The Secondary School Follow-Up provides some limited information on unemployment rates with graduates of other postsecondary institutions, but the labor force participation rates and types of postsecondary training received are not really comparable. However, we would hasten to point out that NTID and the Regional Postsecondary Programs for the Deaf are all mainstreamed to an extent because students may take classes with hearing students in the sponsoring institutions.

MINORITY AND DISABLED EMPLOYMENT

Mr. Natcher: Tell the Committee about your efforts to recruit minorities and handicapped employees.

Dr. Castle: Over the past four years, NTID's focus on recruiting and hiring people who are deaf and/or from minorities has resulted in significant progress toward creating a diverse work force. In 1985, 12.7 percent of all NTID employees were minority or disabled people. That figure now stands at 23.7 percent. We have increased representation of racial minority employees by 147 percent, from 17 in fiscal year 1985, to 42 as of September 30, 1989. Representation of black employees has grown by 200 percent, from 8 to 24. The number of disabled employees has grown from 54 to 85, a 57 percent increase, while the number of deaf employees has increased from 47 to 78, a 66 percent increase.

Nearly 30 out of 55 employees newly hired this past year, or 55 percent, are either members of minorities or disabled. Twenty of these persons are hearing impaired. Recruitment strategies, such as advertising and networking, are targeted directly to minority and deaf communities and organizations to ensure that protected-class prospective applicants are aware of NTID job opportunities. To ensure that searches are conducted fairly and follow established guidelines, all hiring departments and committees work in consultation with NTID's Training and Affirmative Action Office. In addition, job descriptions are reviewed carefully to be certain that qualifications listed are necessary and not exclusionary.

NTID's Affirmative Action Advisory Committee, made up of 15 faculty and staff members who serve staggered terms of up to three years, continued to initiate and support Institute efforts. During fiscal year 1989, the committee produced a periodic affirmative action employee newsletter; co-sponsored RIT's Black History Month celebration in February; began work on an annotated bibliography on affirmative action for NTID's Staff Resource Center; and participated in the planning of a Lawful Employment Practices Seminar for managers and chairpersons. The seminar was presented three separate times and included presentations from several advisory council members of the New York State Division of Human Rights. All 65 administrators of NTID have now been through the program.

STUDENT PARTICIPATION IN RIT PROGRAMS

Mr. Natcher: What percent of NTID students participate in the educational programs available through the Rochester Institute of Technology?

Dr. Castle: In the fall quarter of 1989, 22 percent of NTID students were matriculated in one of the other eight colleges of the Rochester Institute of Technology (RIT). In addition, 46 percent of students matriculated in the college of NTID were registered for at least one course at RIT. Taken as a whole, 59 percent of the NTID student body were registered for at least one course in programs available through the Rochester Institute of Technology.

CAREER DEVELOPMENT OUTREACH NETWORK

Mr. Natcher: Your statement says that a network of postsecondary programs and rehabilitation agencies serving deaf people has been established. What is the primary focus of the network? How often will it meet?

Dr. Castle: As a way of expanding the impact of outreach activities for deaf adults, NTID recently initiated a network of postsecondary programs and rehabilation agencies serving deaf people. This network, the Council of Directors, is composed of the heads of California State University at Northridge, Gallaudet University, NTID, the Postsecondary Consortium at the University of Tennessee at Knoxville, Seattle Central Community College, and St. Paul Technical College. In addition, the president of the American Deafness and Rehabilitation Association, the executive director of the National Association of State Directors of Special Education, and the chairperson of the subcommittee on deafness of the Council of State Administrators of Vocational Rehabilitation serve as ex-officio represeentivies.

This cooperative effort allows each institution or organization to greatly enhance the effects of its own mandate to reach out to a variety of audiences and enables each to call upon the collective expertise of the group. A major effort this past year was to develop a proposal responding to some of the recommendations made to the U.S. Senate Subcommittee on the Handicapped by the Commission on the Education of the Deaf (COED). As a first response, and at the request of a congressman, a senator and the chairman of the COED, the Council of Directors established a task force made up of experts from across the nation to study and develop a proposal to make an immediate impact on the lives of low-functioning deaf adults.

As of this date, Congress has set aside funds under NTID's fiscal year 1990 budget to support a demonstration program based on the Council's proposal for a network of services and has designated the Department of Education to administer this program. Thus, the Department will evaluate applications for demonstration projects submitted by members of the Council of Directors as well as other interested and qualified parties across the Nation.

FOREIGN STUDENTS

Mr. Stokes: NTID is experiencing a decline in enrollment. To compensate for this, you are employing an aggressive marketing strategy to enroll new students, transfer students and previous drop outs. You are also planning to admit foreign students for the first time beginning with the summer 1990 session and that this will boost your enrollment. How many foreign students do you anticipate will enroll in the summer session?

Dr. Castle: We are expecting somewhere between 15 and 20 international students to enroll in the summer of 1990.

Mr. Stokes: Will a more diverse student body enrich the NTID experience for all of the students?

Dr. Castle: We believe this will be a win-win situation for all deaf students, be they American or foreign. This has always been the most important aspect of our efforts to gain permission to admit foreign students. I would like to emphasize that no US student will be denied entry as a result of this policy. Now, we can focus on the real benefit which is the cultural enrichment that is sure to enhance the lives of all deaf students at NTID. Having international students will give deaf RIT students a unique opportunity to learn firsthand about other cultures. Students will certainly develop lasting friendships and also may seek cooperative work experiences abroad. Communication technology is clearly making the world a global village and students who are prepared to celebrate diversity in a social and economic environment will likely be the most successful.

Mr. Stokes: What amount of tuition will foreign students pay? Will the imposition of a 50 percent surcharge hinder your effort to recruit foreign students? Would a larger surcharge be an impediment?

Dr. Castle: The 50 percent surcharge will result in a tuition rate of $5,001 for foreign students for fiscal year 1991. The total charge for tuition, room, board, and fees will be $9,495. We have no way of knowing if this level will have a negative impact as we have absolutely no experience to go by. Therefore, we think the imposition of a higher surcharge at this point would be unwise. We need to develop some experience before we can rationally address a rate increase.

Mr. Vader: As we have previously pointed out, public colleges and universities charge foreign students an average of 135 percent more than in-State students. Private colleges and universities have much higher tuition rates than public institutions and do not provide any subsidies to foreign students. Yet, many of these schools enjoy high enrollments of foreign students despite the tuition levels. NTID provides intense support services which are not always available at these other schools, but they come at a cost. Most of that cost is being borne by the Americal taxpayer. The Department endorses a gradual increase in the tuition surcharge for new foreign students until the 135 percent level is reached. We intend to pursue discussions with NTID and Gallaudet University related to this matter in the summer of 1990 and hope to arrive at a reasonable strategy for dealing with the issue of foreign students.

AFFIRMATIVE ACTION

Mr. Stokes: You seem to be continuing to make progress in meeting your affirmative action goals. Please tell me what additional efforts you have undertaken in this area. Have you been able to address the problem of retaining minorities once you have recruited them?

Dr Castle: As I described previously to Mr. Natcher, we have made considerable progress and have a number of programs in place to assure continued success. Regarding retention, I feel that we have done about as well as can be expected, though we have lost quite a few minority and disabled employees. Over the last four years, we have hired 92 (33 percent of all hires) protected class individuals, while we lost 43, which is nearly 16 percent of all terminations. The protected class termination rate is slightly higher than our total termination rate of 12 percent, but not really out of line. With minorities in particular, the turnover has been considerably higher. We started with 17 minorities in fiscal year 1985, hired 42 over the same period, but then lost 20 individuals. I have personally investigated the 20 cases and cannot find any evidence that people are leaving for wrong reasons. Typical reasons for leaving are that they are relocated with their spouse, received a promotion within RIT, found a better paying job, are going back to school to further their education, or, in a few cases, had substandard performance.

However, I am not so myopic to think that no problem exists. For this coming year, I have asked our Affirmative Action Committee to look beyond the normal boundaries of affirmative action and to begin to look at ways to capitalize on our cultural diversity. Over the last few years, a great deal of effort has been focused on establishing and pursuing goals for equitable representation of minority and disabled persons among the faculty, staff, and students of NTID. It is now time to look at more than recruitment and begin to examine the conditions, values, beliefs and behaviors operating within our environment. My hope is to foster a collegiate atmosphere that is conducive and welcoming to a diversity of cultures and opinions and one that ultimately puts a premium on it. We must advance our educational enterprise to one that truly "values" the attributes and contributions of a diverse pool of students, faculty, and staff.

I will keep you informed of our progress. Aggressive and creative recruitment strategies have resulted in significant progress toward our affirmative action goals. I am optimistic that we will accomplish what we have set out to do, and we will become a stronger institution for it.

CONSTRUCTION PLANS

Mr. Stokes: The request does not contain funds for construction. Last year $476,000 was appropriated for construction. The justification states that NTID is developing a long-range plan for construction that will involve the Department of Education. What is the timetable for developing this plan?

Dr. Castle: It is expected that a long range plan for major capital projects will be completed and submitted to the Department during this fiscal year. To the extent necessary, it will be incorporated into our 1992 budget request.

Mr. Stokes: Did NTID submit a request for construction funds to the Department as part of development of the fiscal year 1991 budget? If so, what amount was requested?

Dr. Castle: NTID did not request funding for construction and renovation for 1991. A major two-year project to correct a problem with asbestos in other buildings on the RIT campus is resulting in the delay of many other projects relating to facility needs. Time-frames associated with projects planned for completion in fiscal year 1990 are currently being delayed. Some projects will be delayed into 1991. If additional funding is needed, it will be considered as part of the fiscal year 1992 request.

POSTSECONDARY CONSORTIUM

Mr. Stokes: Did NTID request funding for the consortium in fiscal year 1991? Why or why not?

Dr. Castle: NTID did not request funding for this program for 1991. The initiative is being administered by the Department of Education, not NTID. Since the funding and the authority now lie within the Department, it is up to them to determine if additional funding is desirable.

BUDGET REQUEST FOR 1991

Mr. Conte: Bill, as I understand it, the request is for your operating budget to increase from $34.4 million to $37.2 million, an 8 percent increase, while appropriations for construction and the consortium totalling $1.3 million would drop out. In the past you've indicated that requests have not anticipated full pay increases for staff and faculty. Is that taken care of in this year's budget request?

Dr. Castle: Yes, we feel we have that covered in this year's request. At the same time, I want to assure you and the Committee that the 8.2 percent is not a windfall. Though we will be giving our employees an average merit increase of only 5.5 percent, less than the 6 percent anticipated at the time of the request, we also have important needs in other areas.

COMPETITIVE SALARIES

Mr. Conte: Are you satisfied with where salaries are compared with comparable institutions?

Dr. Castle: RIT recognizes that it is behind the marketplace in some faculty ranks, at the lower levels in some professional staff categories, and below at all levels of clerical staff. As a result, we have been advised by RIT that in the fall of 1990 they may provide additional increases of approximately 2 percent for faculty, and 3 percent for professional and clerical staff. RIT is a private institution very much concerned with the bottom line, and we believe it has given increases that put its pay in a less than competitive position. However, NTID will not use additional funds for this purpose in 1990 unless the September enrollment is sufficient to produce the revenue necessary to cover the additional increases.

EFFECT OF THE SEQUESTER

Mr. Conte: What, if any, is the effect of sequester, to which you lost $483,000, being felt? Is sequester a good thing?

Dr. Castle: The primary effect of the sequester, which amounted to $462,000 for operations, was to curtail our equipment expenditures and limit our outreach efforts. While these are important areas for us, they get short-changed when funds are scarce. I feel confident, however, that we have rearranged some of our priorities to allow us to accomplish what we need to in 1990.

Regarding your second question, we believe sequester is not a good thing. We are current funded, so we had to take the cut right in the middle of the school year. The students are already enrolled, the faculty and staff are already under contract, and many projects are committed. This leaves us with little flexibility to find the dollars necessary to recover from the sequester. In addition, the uncertainty causes us to go through a lot of extra planning scenarios which involve the time of many people. We understand the problems associated with the deficit, but because of the timing, sequesters put us under enormous pressure.

COMPETITIVENESS OF TUITION LEVELS

Mr. Conte: In terms of tuition, room and board for all students, the tuition is expected to be $7,828 in 1991. How do you regard that amount--is that high enough to discourage students, low enough to attract students, or competitive with other schools?

Dr. Castle: The total package, including tuition, room, board, and fees is expected to be $7,828 in 1991, just $114 more than at Gallaudet, but well below the level for matriculated students at the Rochester Institute of Technology. As you know, in terms of tuition, NTID compares itself to land grant colleges and universities. We anticipate that this level will maintain NTID at the same relative level, within the fourth quartile, as compared to these institutions in 1991.

POSTSECONDARY CONSORTIUM

Mr. Conte: As I understand it, as part of this consortium, was the idea of coordinating among NTID, Gallaudet and other programs for the deaf. Will this be possible as the consortium is now being planned?

Dr. Castle: Yes, it will. This effort is not contingent upon the Department's plans to establish a consortium to meet the vocational rehabilitation needs of low-achieving deaf people. NTID, Gallaudet University, and the four regional programs for the deaf have reconstituted the Council of Directors and will continue to cooperate on joint ventures and share expertise. Our current emphasis is on the career development needs of deaf adults.

FUNDRAISING PROGRAM EFFORTS

Mr. Conte: On your endowment, tell us about how your outside fundraising is going. Who have you gotten as major supporters?

Dr. Castle: NTID is still in the early stages of developing a comprehensive fundraising program which seeks to attract support from alumni, corporations, foundations and other interested parties on an ongoing basis. Fiscal year 1989 concluded the second full year of NTID's development program. During that year, $962,851 in total gifts were received. This represented a sizable increase in total gift income over the $399,799 contributed during 1988 and includes $250,000 for a new International Center for Hearing and Speech Research which is being totally supported by non-Federal funds.

During fiscal year 1989, contributors designated $252,671 to endowed funds at NTID that qualify for matching amounts from the Federal Matching Grant Program. All $198,000 of Federal endowment funds available in 1989 were matched, and the remaining $54,671 has been designated toward matching the 1990 appropriation for the Endowment Matching Program. We are confident that the entire appropriation of the $322,000 designated for this program in 1990 will be matched this year.

The listing of significant donors includes Citicorp/Citibank, the Ralph M. Parsons Foundation, IBM, and the Ira W. DeCamp Foundation. The larger number of major givers reflects the growing appreciation of the contribution NTID is making to young deaf men and women.

ENDOWMENT MATCHING GRANTS

Mr. Conte: The justifications indicate that you originally requested an increase in the endowment appropriation to $500,000 but that the Department is requesting $336,000. You are now in favor of the endowment program?

Dr. Castle: NTID is now very much in favor of the endowment program. We feel that a great deal of our early success in this effort is directly tied to the fact that contributors are able to "double" the impact of donations they make. It is without question the cornerstone of the overall fundraising program we are building.

It is true that the endowment request is reduced from the amount originally requested. It must be pointed out, however, that in view of the fact that this program is still in its infancy, we are unsure what our true potential is for raising funds. We are confident that we will be able to match the $336,000, and should we be fortunate enough to exceed that amount, we will simply carry it over to the following year. The impact and benefit of this effort will not be diluted by the reduction from the original request which was made to the Department by NTID.

Mr. Conte: Are you putting any excess unmatched outside funds into the endowment, or is most of your outside funding put into operations?

Dr. Castle: As stated previously, excess unmatched funds in any year will be matched in the following year. Funds which may qualify for this program are never put into operations. The majority of funds which are raised are donor designated for endowments and scholarships. Other funds which are received are not applied against general operating expenses. They are normally given for a specific purpose, such as equipment, and offset incremental expenses associated with the particular program they are intended to support.

FUNDRAISING PROGRAM EFFORTS

Mr. Conte: To what extent are you anticipating fundraising in this 1991 budget? Does money raised from fundraising figure into planning your budget?

Dr. Castle: We are expecting to raise the full amount of $336,000 which is being recommended for the Endowment Matching Program. As our overall program begins to mature, the impact on our operating budget will be focused in two areas; one will be that of reducing the demand for internally funded grants-in-aid for our students. This will, in turn, reduce the total operations expense for NTID. Second, specific gifts which are targeted for particular programs will provide budget relief for those activities.

RESEARCH ACCOMPLISHMENTS

Mr. Conte: Can you tell us a little about your Research Program, at about $1.7 million? What kinds of things are you accomplishing with this program?

Dr. Castle: The Institute conducts applied research related to deafness in three primary areas. These are: communications, assessment, and training; education and training; and graduate accommodation. Research projects focus on issues related to persons who are deaf such as economic and occupational assimilation, academic and technical skills, communication skills, personal/social skills, effective instruction, and institutional planning, evaluation and change. NTID also evaluates the success of its programs in preparing deaf students for successful employment, and the changing characteristics of deaf students and the national job market in terms of technical education needs and the Institute's programs. I will send you a copy of our report to the Department of Education on research activities for fiscal year 1990. This report outlines our major accomplishments for fiscal year 1989 and provides a description of all research projects planned for 1990.

JUSTIFICATION OF THE BUDGET ESTIMATES

DEPARTMENT OF EDUCATION

Special Institutions for the Handicapped

Fiscal Year 1991 Budget Request — Page No.

Appropriation language.. G-1

Explanation of language changes.................................. G-2

Language analysis... G-3

Amounts available for obligation................................ G-5

Budget authority by activity...................................... G-6

Budget authority by object.. G-7

Summary of changes.. G-8

Authorizing legislation... G-9

Table of estimates and appropriations.......................... G-10

Significant items in congressional appropriations reports....... G-14

Justification:

- Account summary.. G-17
- Activities:
  1. American Printing House for the Blind................ G-19
  2. National Technical Institute for the Deaf
     - a. Operations.. G-26
     - b. Endowment... G-33
     - c. Construction.. G-35
     - d. Consortium.. G-37
  3. Gallaudet University
     - a. Operations.. G-39
     - b. Endowment... G-48
     - c. Construction.. G-49
  4. Evaluation Studies.. G-51

[SPECIAL INSTITUTIONS FOR THE HANDICAPPED]

[AMERICAN PRINTING HOUSE FOR THE BLIND]

[For carrying out the Act of March 3, 1879, as amended (20 U.S.C. 101-106), including provision of materials to adults undergoing rehabilitation on the same basis as provided in 1985, $5,740,000.]

[NATIONAL TECHNICAL INSTITUTE FOR THE DEAF]

[For the National Technical Institute for the Deaf under titles II and IV of the Education of the Deaf Act of 1986 (20 U.S.C. 4301 et seq.), and for activities under section 311 of the Rehabilitation Act of 1973, $36,553,000, of which $325,000 shall be for the endowment program as authorized under section 408 and shall be available until expended, $482,000 shall be for construction and renovation, to remain available until expended, and $900,000 shall be retained by the Secretary for the purpose of supporting a consortium of institutions to provide education and vocational rehabilitation services for low functioning adults who are deaf.]

[GALLAUDET UNIVERSITY]

[For the Kendall Demonstration Elementary School, the Model Secondary School for the Deaf and the partial support of Gallaudet University under titles I and IV of the Education of the Deaf Act of 1986 (20 U.S.C. 4301 et seq.), including continuing education activities, existing extension centers and the National Center for Law and the Deaf, $68,600,000, of which $1,000,000 shall be for the endowment program as authorized under section 407 and shall be available until expended.]

SPECIAL INSTITUTIONS FOR THE HANDICAPPED 1/ 2/

For special institutions for the handicapped, $117,979,000, which shall be available as follows: for Gallaudet University as authorized under titles I and IV of the Education of the Deaf Act of 1986 (20 U.S.C. 4301 et seq.) ("the Act"), $74,047,000, of which $1,000,000 shall be for the endowment program as authorized under section 407 and shall be available until expended, and $2,500,000 shall be for construction for the National Technical Institute for the Deaf as authorized under titles II and IV of the Act, $37,531,000, of which $336,000 shall be for the endowment program as authorized under section 408 and shall be available until expended; for the American Printing House for the Blind as authorized under the Act of March 3, 1879, as amended, $5,901,000; and for evaluation studies authorized by section 405 of the Education of the Deaf Act of 1986, $500,000. (Department of Education Appropriations Act, 1990.)

Explanation of Language Changes

1/ The President's request for 1991 proposes one account, "Special Institutions for the Handicapped," to replace the three separate accounts in 1990 and in prior years. Language is no longer needed for the separate accounts.

2/ Earmarks are included for each supported institution in order to maintain the integrity of each activity, identify the funding provided for each, and ensure comparable funding levels with former years.

Special Institutions for the Handicapped

Language Analysis

Language Provision	Explanation
For special institutions for the handicapped, $117,979,000, which shall be available as follows:	This establishes the appropriation for the account, which includes separate earmarks for each institution.
for Gallaudet University as authorized under titles I and IV of the Education of the Deaf Act of 1986 (20 U.S.C. 4301 et seq.)("the Act"), $74,047,000,	This amount is for operations of Gallaudet University, including the Model Secondary School for the Deaf and the Kendall Demonstration Elementary School.
...of which $1,000,000 shall be for the endowment program as authorized under section 407 and shall be available until expended,	This language earmarks $1,000,000 of funds available for Gallaudet University for expanding the endowment matching program.
...and $2,500,000 shall be for construction	This language earmarks $2,500,000 of funds available for Gallaudet for construction.
...for the National Technical Institute for the Deaf as authorized under titles II and IV of the Act, $37,531,000,	This amount is for the National Technical Institute for the Deaf.
of which $336,000 shall be for the endowment program as authorized under section 408 and shall be available until expended;	This language earmarks $336,000 of funds available for the National Technical Institute for the Deaf for expanding the endowment matching program.
for the American Printing House for the Blind as authorized under the Act of March 3, 1879, as amended, $5,901,000;	This specifies the amount for the American Printing House for the Blind.

Language Analysis -- Continued

Language Provision	Explanation
for evaluation studies authorized by section 405 of the Education of the Deaf Act of 1986, $500,000.	This amount is requested for a comprehensive evaluation of postsecondary educational opportunities for persons who are deaf.

Special Institutions for the Handicapped

Amounts Available for Obligation

	1989	1990	1991
Appropriation			
Annual......................	---	---	$117,979,000
Comparative transfers from:			
American Printing House for the Blind..............	$5,345,000 1/	$5,740,000	---
Reduction pursuant to P.L. 99-177.............	---	-77,000	---
Subtotal...........	5,345,000	5,663,000	
National Technical Institute for the Deaf.....	33,326,000	36,553,000	---
Reduction pursuant to P.L. 99-177.............	---	-483,000	---
Subtotal...........	33,326,000	36,070,000	
Gallaudet University........	65,998,000	68,600,000	---
Reduction pursuant to P.L. 99-177.............	---	-957,000	---
Subtotal...........	65,998,000	67,643,000	
Subtotal, comparable budget authority........	104,669,000	109,376,000	117,979,000
Total Obligations........	104,669,000	109,376,000	117,979,000

1/ Includes a $10,000 permanent appropriation which is repealed as of the end of fiscal year 1989.

Special Institutions for the Handicapped

Budget Authority by Activity

	1989 Appropriation	1990 Appropriation	1991 Request
1. American Printing House for the Blind...............	$5,335,000 1/	$5,663,000	$5,901,000
2. National Technical Institute for the Deaf:			
(a) Operations.............	33,128,000	34,384,000	37,195,000
(b) Endowment..............	198,000	322,000	336,000
(c) Construction...........	—	476,000	—
(d) Consortium.............	—	888,000	—
Subtotal..........	33,326,000	36,070,000	37,531,000
3. Gallaudet University:			
(a) Operations:			
1. University programs	44,688,000	45,898,000	48,799,000
2. Model Secondary School for the Deaf (MSSD).......	13,087,000	13,369,000	14,005,000
3. Kendall Demonstration Elementary School (KDES).....	7,235,000	7,390,000	7,743,000
(b) Endowment..............	988,000	986,000	1,000,000
(c) Construction...........	—	—	2,500,000
Subtotal..........	65,998,000	67,643,000	74,047,000
4. Evaluation studies............	—	—	500,000
Total..........	104,659,000	109,376,000	117,979,000

1/ Excludes $10,000 permanent appropriation which is repealed as of the end of fiscal year 1989.

Special Institutions for the Handicapped

Budget Authority by Object

	1989 Appropriation	1990 Appropriation	1991 Request
Other services................	---	---	500,000
Grants, subsidies, and contributions...............	$104,659,000	$109,376,000	$117,479,000
Total...........	104,659,000 1/	109,376,000	117,979,000

1/ Excludes $10,000 permanent appropriation for the American Printing House for the Blind which is repealed as of the end of fiscal year 1989.

Special Institutions for the Handicapped

Summary of Changes

1990 Appropriation	$109,376,000
1991 Request	117,979,000
Net Change	+8,603,000

	1990 base	Change from base
Increases:		
Program:		
1. American Printing House for the Blind (APHB) to increase availability of educational materials	$5,663,000	+$238,000
2. National Technical Institute for the Deaf (NTID) to provide for salary and other cost increases	34,384,000	+2,811,000
3. Gallaudet University to provide funding for salary and other cost increases:		
(a) University programs	45,898,000	+2,899,000
(b) Model Secondary School for the Deaf	13,369,000	+638,000
(c) Kendall Demonstration Elementary School	7,390,000	+353,000
4. Gallaudet construction	---	+2,500,000
5. Endowments to encourage increased private contributions:		
(a) NTID	322,000	+14,000
(b) Gallaudet University	986,000	+14,000
6. Evaluation studies	---	+500,000
Subtotal		+9,967,000
Decreases:		
Program:		
1. NTID Consortium	888,000	-888,000
2. NTID construction for repairs related to the dormitories	476,000	-476,000
Subtotal		-1,364,000
Net change		+8,603,000

Special Institutions for the Handicapped

Authorizing Legislation

Activity	1990 Authorized	1990 Appropriation	1991 Authorized	1991 Request
1. American Printing House for the Blind (20 U.S.C. 101 et seq.)..........	Indefinite	$5,663,000	Indefinite	$5,901,000
2. National Technical Institute for the Deaf 1/				
a. Operations (EDA, Title II).................	Indefinite	34,384,000	Indefinite	37,195,000
b. Endowment (EDA, Title IV, section 408).....	Indefinite	322,000	Indefinite	336,000
c. Construction (EDA, Title II, section 202)..	Indefinite	476,000	Indefinite	—
d. Consortium (RA, Title III, Section 311) 2/	$18,900,000	888,000	$19,675,000	—
3. Gallaudet University 1/				
a. University programs (EDA, Title I, Part A).	Indefinite	45,898,000	Indefinite	48,799,000
b. Model Secondary School for the deaf (EDA, Title I, Part C)....................	Indefinite	13,369,000	Indefinite	14,005,000
c. Kendall Demonstration Elementary School (EDA, Title I, Part B)....................	Indefinite	7,390,000	Indefinite	7,743,000
d. Endowment (EDA, Title IV, section 407).....	Indefinite	986,000	Indefinite	1,000,000
e. Construction (EDA, Title I, Part A)........	Indefinite	—	Indefinite	2,500,000
4. Evaluation (EDA, Title IV, section 405)..1/...	Indefinite	—	Indefinite	500,000
Total definite authorization............	18,900,000		19,675,000	
Total appropriation.....................		109,376,000		117,979,000

1/ These programs are authorized under the Education of the Deaf Act of 1986 (20 U.S.C. 4301 et seq.) (EDA).

2/ Authorization amounts shown for this activity represent the total authorization for all activities under section 311 of the Rehabilitation Act of 1973 which are otherwise funded under the Rehabilitation Services and Handicapped Research Account.

Special Institutions for the Handicapped

Table of Estimates and Appropriations

	Budget Estimate to Congress	House Allowance	Senate Allowance	Appropriation
1991	$117,979,000 [1]			

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[1] Includes activities previously financed in the American Printing House for the Blind, National Technical Institute for the Deaf, and Gallaudet University accounts.

American Printing House for the Blind

Table of Estimates and Appropriations [1]

	Budget Estimate to Congress	House Allowance	Senate Allowance	Appropriation [2]
1982	$5,595,000	$5,000,000	$5,000,000	$5,000,000
1983	4,924,000	5,000,000	5,000,000	5,000,000
1984	5,500,000	5,000,000	5,500,000	5,000,000
1985	5,000,000	5,500,000	5,500,000	5,500,000
1986	5,510,000 [3]	5,500,000	5,500,000	5,500,000
1986 Sequester				-237,000
1987	5,510,000 [3]	5,510,000	5,500,000	5,500,000
1988	5,510,000 [3]	5,510,000	5,500,000	5,266,000
1989	5,381,000 [3]	5,381,000	5,400,000	5,335,000
1990	5,537,000 [4]	5,537,000	5,942,000	5,740,000
1990 Sequester				-77,000
1991	— [5]			

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[1] Excludes $10,000 APHB permanent appropriation for all years, except where othewise noted.

[2] Reflects enacted supplementals, rescissions and reappropriations in amounts appropriated prior to fiscal year 1985.

[3] Reflects addition of $10,000 in the annual appropriation request to offset a legislative proposal to eliminate the $10,000 permanent appropriation.

[4] Includes $10,000 to offset the termination of the permanent appropriation. The Handicapped Programs Technical Amendments Act of 1988 terminated the authority for the permanent appropriation as of October 1, 1989.

[5] Activities financed in this account in 1990 are proposed for financing in the Special Institutions for the Handicapped account in 1991.

National Technical Institute for the Deaf

Table of Estimates and Appropriations

	Budget Estimate to Congress	House Allowance	Senate Allowance	Appropriation 1/
1982	$32,811,000	$26,300,000	$26,300,000	$26,300,000
1983	26,297,000	26,300,000	26,300,000	26,300,000
1984	28,000,000	26,300,000	28,000,000	28,000,000
1985	31,400,000	31,400,000	31,400,000	31,400,000
1986	30,080,000	31,400,000	32,000,000	32,000,000
1986 Sequester				-1,376,000
1987	31,380,000	32,000,000	32,000,000	32,000,000
1988	33,000,000	33,000,000	33,000,000	31,594,000
1989	33,031,000	33,231,000	33,031,000	33,326,000
1990	35,553,000	35,553,000	37,553,000	36,553,000
1990 Sequester				-483,000
1991	--- 2/			

1/ Reflects enacted supplementals, rescissions and reappropriations in amounts appropriated prior to fiscal year 1985.

2/ Activities financed in this account in 1990 are proposed for financing in the Special Institutions for the Handicapped Account in 1991.

Gallaudet University

Table of Estimates and Appropriations

	Budget Estimate to Congress	House Allowance	Senate Allowance	Appropriation 1/
1982	$61,532,000	$49,920,000	$49,920,000	$52,000,000
1983	52,000,000	52,000,000	52,000,000	52,000,000
1984	55,590,000	52,000,000	56,000,000	56,000,000
1985	46,835,000	58,700,000	56,700,000	58,700,000
1986	58,889,000	58,700,000	62,000,000	62,000,000
1986 Sequester				-2,665,000
1986 Proposed Rescission	-446,000	---	---	---
1987	60,737,000	60,737,000	62,000,000	62,000,000
1988	63,000,000	65,925,000	64,000,000	62,195,000
1989	63,403,000	66,800,000	65,000,000	65,998,000
1990	68,850,000	68,350,000	68,850,000	68,600,000
1990 Sequester				-957,000
1991	--- 2/			

1/ Reflects enacted supplementals, rescissions and reappropriations in amounts appropriated prior to fiscal year 1985.

2/ Activities financed in this account in 1990 are proposed for financing in the Special Institutions for the Handicapped account in 1991.

Special Institutions for the Handicapped

Significant Items in Congressional Appropriations Reports

Item	Action taken or to be taken
1990 House Report	
American Printing House for the Blind (APHB)	
The Committee expressed concern over the recent Inspector General audit at the Printing House which identified numerous fiscal irregularities and which indicated a lack of concern for financial management. The Committee directed the administration of the Printing House to take corrective action addressing these concerns. Appropriated funds are not to be used to repay any portion of the disallowed costs.	The Department notified the Printing House on March 23, 1989 of a program determination sustaining Office of Inspector General findings disallowing $250,370 charged to overhead for building depreciation. APHB has appealed this determination. It is being reviewed by the Department's Office of Administrative Law Judges.
The Committee remained very interested in the Printing House increasing the number of handicapped employees, particularly the blind or visually impaired. Affirmative hiring practices of the handicapped are to continue and the new President should be prepared to testify about progress during next year's hearings.	The Printing House will continue to place a priority on hiring persons who are blind for any job for which they are otherwise qualified.
National Technical Institute for the Deaf (NTID)	
Regarding construction, the Committee provided that funds for 1990 will be used only to remedy safety and security hazards to students and staff at the Institute as indicated in the budget request.	NTID intends to follow the directive as to the use of these funds and submitted a report on its plans to the Committee on November 6, 1989.
The Committee deleted the restriction against using funds to subsidize foreign students. However, the Committee supported a tuition surcharge of 50% for new foreign students at all the Special Institutions. The Committee noted that Gallaudet already adopted a 50% surcharge for 1990 and that actual authority for the Institute to admit	Please see the response to the 1990 Conference Report directive on this issue.

Special Institutions for the Handicapped

Significant Items in Congressional Appropriations Reports — Continued

Item	Action taken or to be taken
1990 House Report — Continued	
foreign students is pending approval from the Department of Education.	
1990 Senate Report	
National Technical Institute for the Deaf	
The Committee directed the Department of Education to negotiate cooperative agreements with institutions specified in the bill to conduct demonstration projects to provide educational and vocational rehabilitative services to low functioning adults who are deaf, to require these projects to participate in a consortium organized by the Department, and submit a report to the Committee at the end of fiscal year 1990 on the program.	This directive was superceded by a Conference Report directive.
The Committee directed the Department to withhold approval for NTID to admit foreign students until a plan is approved by the Department for charging tuition at a rate no less than the average percentage differential charged out-of-State students by State universities and land grant colleges. The rate would be phased in over a 5-year period.	This directive was superceded by a Conference Report directive.
The Committee directed NTID to use construction and renovation funds to remedy safety and security concerns specified in the Department's budget justification and to submit a report to the Committee outlining its plan for the implementation of the repair program no later than November 15, 1989.	NTID intends to follow the directive as to the use of these funds and submitted a report on its plans to the Committee on November 6, 1989.
The Committee directed the Department to submit a report to the Committee on how the general provisions of the Federal Government's agreement with the Rochester Institute of Technology to operate NTID relate to salary increases no later than February 1, 1990.	The Department shares the Committee's concern. A report is being drafted which will be submitted by February 1, 1990.

Special Institutions for the Handicapped

Significant Items in Congressional Appropriations Reports — Continued

Item	Action taken or to be taken
1990 Senate Report — Continued	
Gallaudet University	
The Committee expressed concern that the Federal Government is subsidizing a majority of the cost for foreign students to attend Gallaudet University and directed Gallaudet to work with the Department to develop a plan by October 31, 1989 for reducing the subsidy provided foreign students so that they are charged a rate no less than the average percentage differential charged out-of-State students by State universities and land grant colleges. The rate would be phased in over a 5-year period.	This directive was superceded by a Conference report directive.
1990 Conference Report	
The conference agreement modified Senate language to clarify that funds are available for a new consortium program to provide educational and vocational rehabilitation services for low functioning adults who are deaf. The conference deleted Senate earmarks for certain institutions, but clarified that the conferees intend that funds be allocated for one or more awards for demonstration projects across the country.	For 1990, the Department plans to conduct a competition for one or more projects to provide educational and vocational rehabilitation services for low functioning deaf adults. Projects must provide services through a consortium of public and private agencies.
The conferees directed the Secretary to grant approval for NTID to admit foreign students and intends that students at Gallaudet, Howard, and NTID should pay the same 50% tuition surcharge, but should have the opportunity to phase the surcharge in over a 3-year period.	The Department is reviewing the situation and expects to make a determination regarding approval within the next few weeks.

Special Institutions for the Handicapped

Account Summary

	1989 Appropriation	1990 Appropriation	1991 Request
1 American Printing House for the Blind	$5,335,000 1/	$5,663,000	$5,901,000
2. National Technical Institute for the Deaf:			
(a) Operations	33,128,000	34,384,000	37,195,000
(b) Endowment	198,000	322,000	336,000
(c) Construction	—	476,000	—
(d) Consortium	—	888,000	—
Subtotal	33,326,000	36,070,000	37,531,000
3. Gallaudet University:			
(a) Operations:			
1. University programs	44,688,000	45,898,000	48,799,000
2. Model Secondary School for the Deaf	13,087,000	13,369,000	14,005,000
3. Kendall Demonstration Elementary School	7,235,000	7,390,000	7,743,000
(b) Endowment	988,000	986,000	1,000,000
(c) Construction	—	—	2,500,000
Subtotal	65,998,000	67,643,000	74,047,000
4. Evaluation studies	—	—	500,000
Total	104,659,000	109,376,000	117,979,000

1/ Excludes $10,000 permanent appropriation which is repealed as of the end of fiscal year 1989.

The 1991 request would provide an overall increase in funding for the Special Institutions for the Handicapped of 7.9 percent. For operations, this represents a 4.2 percent increase for the American Printing House for the Blind (APHB), an 8.2 percent increase for the National Technical Institute for the Deaf (NTID), and a 5.8 percent increase for Gallaudet University. These increases are requested to offset the effect of inflation and carry out special projects. In addition, increased funding is requested for the endowment matching grant programs at Gallaudet University and NTID. The increase would bring the endowment program to $1,000,000 for Gallaudet and $336,000 for NTID. These programs help to provide an independent and growing source of revenue for the institutions. The sum of $2,500,000 is requested for construction to renovate instructional areas and faculty office space and

Special Institutions for the Handicapped

Account Summary — Continued

expand facilities for the research program at Gallaudet. In addition, $500,000 is requested for a comprehensive evaluation of postsecondary educational opportunities for persons who are deaf.

The budget request proposes a single new account instead of three separate accounts for these institutions. The three institutions all enjoy a similar special relationship with the Federal Government. All three serve handicapped students, and all three receive the major part of their funding through these appropriations. A single account would simplify budget presentation, analysis, and administration. Each institution would be considered a separate activity within the account. This ensures the integrity of each activity since funds could not be moved among the institutions without congressional approval.

The Department of Education is placing increased emphasis on program accountability and effectiveness for all education programs. This is consistent with other important events in recent years. The Education of the Deaf Act greatly expanded the monitoring and evaluation responsibilities of the Department of Education. The Commission on Education of the Deaf recommended that the Department conduct evaluations of Gallaudet University, the National Technical Institute for the Deaf, and the Regional Postsecondary Education Programs for the Deaf on a five-year cycle. Each of these programs has received substantially higher funding over the course of the last decade and has expanded program and activity scope. The level of Federal funding associated with these programs establishes a clear Federal interest in their activities and operations.

The Department has taken several actions to improve accountability in the Special Institutions for the Handicapped. Data have been solicited in greater detail to enable the Department to track expenditures and improve accountability. The Office of the Inspector General completed an audit of the American Printing House for the Blind in 1989. Site visits are being made to each of the Institutions. The Department has also increased oversight in such areas as tuition and fee charges for American and foreign students, indirect cost charges, and research coordination. To assist the Department in carrying out its monitoring and evaluation responsibilities, a number of evaluations are being conducted with funding from the departmental salaries and expenses account. These include studies related to Model Secondary School for the Deaf and Kendall Demonstration Elementary School, American Printing House for the Blind, and Gallaudet University.

The Department has requested funds for a new activity under the Special Institutions for the Handicapped account for 1991. This activity is Evaluation studies. Evaluation funds are not available for this purpose within the Office of Special Education and Rehabilitative Services, and it is not possible to conduct large scale studies with general departmental funds of the type needed to fully carry out the oversight responsibilities for these institutions. The Department is proposing to conduct a study of postsecondary educational opportunities for the deaf in 1991 under this new activity.

Special Institutions for the Handicapped

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1. American Printing House for the Blind (20 U.S.C. 101 et seq.)

1991 Authorization: Indefinite

Budget Authority:

1990 Appropriation	1991 Request	Increase or Decrease
$5,663,000	**$5,901,000**	**+$238,000**

Purpose and Method of Operation

The purpose of the appropriation for the American Printing House for the Blind (APHB) is to assist in providing quality educational materials to legally blind persons enrolled in formal educational programs below the college level. The Printing House administers funds authorized under the Act to Promote the Education of the Blind for this purpose. With these funds, APHB manufactures and maintains an extensive inventory of special materials. It distributes these materials free of charge to schools and States across the Nation through proportional allotments based on an annual census of the number of blind students in each State. The bulk of the appropriation is used by the Printing House to cover the cost of operations to produce these special items. In addition, APHB conducts research and undertakes field activities to inform educators about the availability of materials, how to order them, and how to use them.

The list of items to be produced and distributed is reviewed and approved by APHB's advisory committees. The Printing House has two advisory committees: the first establishes the need for new publications and the second oversees research and development. The members of these committees are chosen from ex officio trustees as defined by the Act. The purpose of these committees is to ensure that all educational materials produced and research undertaken meet the needs of blind students. Availability of these materials promotes equal opportunity and increases the quality of education for blind students.

In the research and development category, the Printing House develops new educational materials for the blind and conducts basic and applied research necessary for such development. Instructional materials are developed in areas such as: braille reading, science, mathematics, and social studies. Special materials are developed for use in areas such as serving the severely multi-handicapped blind student; early childhood and prevocational training; educational applications of microcomputers; and the functional use of residual vision. Research and development is conducted on a national basis and the direction reflects advice from educators and consumers.

This is a current funded grant-in-aid program for which funds are available from October 1 to September 30. The level of funding is dependent upon the availability of appropriations. The Education Department appropriation

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Purpose and Method of Operation -- Continued

represents approximately 39 percent of the Printing House's total sales income. Funds from Federal research grants and contracts from Federal agencies such as the Library of Congress and the Internal Revenue Service represent about another 34 percent of APHB's sales income. Revenue from unsubsidized product sales to State and local agencies and individual blind persons, donations, and endowment and investment income provide the Printing House's remaining funding. The States are required to provide a free appropriate public education, including appropriate related materials and supplies, to all handicapped students under the Education of the Handicapped Act. They may, and most do, make additional purchases to supplement their allocation under this appropiation. The Handicapped Programs Technical Amendments Act of 1988 (P.L. 100-630) terminated the authority for a $10,000 permanent appropriation established in lieu of interest income from an 1879 trust fund, effective October 1, 1989.

Accomplishments

The American Printing House for the Blind served 44,821 persons in 1989, an increase of 1,676 from the 1988 level. However, this was still 1,109 less than the number served in 1987. The fluctuation is attributed to a change in policy by the Board of Trustees that went into effect with the 1987 registration. At that time, the American Printing House for the Blind implemented a policy limiting eligibility to those students enrolled in educational or vocational training programs of 20 or more hours of instruction per week. This change primarily affected older disabled persons enrolled in essentially recreational programs. The number of persons is expected to increase above the 1987 level in fiscal year 1990. Students counted in the annual APHB census primarily attend public schools (83 percent). However, 9 percent are enrolled in residential programs, 3 percent in programs for the multihandicapped, and 5 percent in rehabilitation programs.

APHB conducts an ongoing program of applied research. A portion of the Federal appropriation supplements this effort. Printing House revenues and grant income make-up the rest of the budget for this activity. Projects funded from government grants received in addition to the appropriation include a grant from the Department's Office of Special Education Programs. This grant provided partial support for the development of a braille language program to parallel APHB's "Patterns" series. The National Library Service for the Blind and Physically Handicapped funded technical research on digital audio sound as an archival medium, a live recording medium, and a method for enhancing and reclaiming technically inferior, older tape and disc recordings. Types of materials developed by the APHB include educational tests and measures, educational software and peripheral hardware for microcomputer applications, and specialized materials for blind children below the age of three. In 1989, priority areas included development of early childhood, multi-handicapped, and braille training materials and microcomputer related software and hardware. Examples of new products released in 1989 include the following:

Accomplishments -- Continued

1. APHB PocketBraille accessories:
    Cassette tape interface device
    External memory module
    6-foot parallel printer output cable
2. APHB Speaqualizer upgrade kit
3. Braille keyboard overlay for the Apple II GS
4. Sliwa Enterprises, Inc. educational software series (conversion of 29 new programs)
5. Minnesota Educational Computing Corporation program "Food Facts" (talking version)
6. Handi-Cassette carrying case
7 Brigance Diagnostic Comprehensive Inventory of Basic Skills (tactile supplement)
8. "Patterns" prebraille instruction program

In 1989, the Printing House introduced APH-DOTS (Disk Operating Transcribing System). This system uses software programs to transcribe text into braille. APH-DOTS is being offered as a pilot program. Eight agencies are participating in the pilot. Under this program, agencies or publishers will be able to send APHB books transcribed onto computer disks. These disks are then converted into braille. This method is much faster than manual braille production and makes it possible to produce individual copies on demand. Problems with consistency and reliability are being studied and evaluated by APHB staff.

On March 23, 1989, the Assistant Secretary for the Office of Special Education and Rehabilitative Services (OSERS) notified the Printing House that OSERS had made a program determination concerning a review of appropriations awarded to APHB for the period from July 1, 1986 through June 30, 1987. The determination was based on an audit conducted by the U.S. Department of Education's Office of Inspector General (OIG). OSERS sustained the OIG recommendation regarding $250,320 in disallowed costs related to building depreciation and directed APHB to restore these funds as credits to the educational agencies and institutions participating in the program or to refund the amount to the Federal Government. The Secretary also directed APHB to take corrective action regarding assignment of labor cost not associated with the Federal program. APHB has appealed the monetary portion of this determination. The Secretary has designated the Office of Administrative Law Judges (ALJ) to hear this appeal. Briefs have been submitted by the respective parties and the ALJ has directed the Department and APHB to agree on a joint stipulation of facts in law by January 26, 1990. A tentative hearing date has been set for March 29, 1990.

The Printing House continuously attempts to upgrade its operations and equipment to increase efficiency. Over the past few years, operations have been computerized or automated, jobs combined, new equipment purchased or developed, and new materials employed. For example, a xerox management system

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Accomplishments -- Continued

is being implemented that provides forecasting information necessary to adjust work processes to maximize resources in a cost-effective manner. The combination of production work into families of work units resulted in a smaller, more flexible work force. In 1989, the plant was air conditioned, improving work conditions and decreasing sick leave taken during the summer months. A dual vacuum form machine and cassette loader were developed in-house. As an efficiency measure, a number of wooden parts for educational kits were replaced by plastic parts last year to reduce in-house processing of these materials. In previous years, APHB computerized the annual census process, established a national educational materials data base for tracking allocations, and eliminated low volume sales items from the inventory. These measures have all added to general increases in productivity.

1991 Budget Proposal

The Department requests $5,901,000 for the American Printing House for the Blind (APHB), an increase of $238,000 above the 1990 appropriation. In keeping with the Secretary's priority on programs that increase opportunity for handicapped children, the 1991 budget proposes an increase to cover the costs of inflation. The fiscal year 1991 request would provide approximately 39 percent of APHB's total sales income, the remainder coming from other Federal programs, product sales to State and local agencies, individual purchases, private donations, and endowment income. The 1991 request reflects the passage of the Handicapped Programs Technical Amendments Act of 1988 (P.L. 100-630), which terminated the Printing House's $10,000 permanent appropriation.

Of the additional $238,000 requested, $216,000 would be used to increase the availability of educational materials for visually impaired students. APHB estimates that 48,180 students will be served in fiscal year 1991. The Printing House estimates that 31 percent of this group are visual (enlarged print) readers, 12 percent braille readers, 15 percent auditory readers, 10 percent pre-readers, and 32 percent non-readers. Under the Act to Promote the Education of the Blind, the Printing House produces special educational materials for legally blind students enrolled in formal educational programs below the college level. These include textbooks in braille and large type, educational tools such as braille typewriters and microcomputer software and hardware, teaching aides such as educational tests and performance measures, and other special supplies. The bulk of the appropriation and increase requested is targeted toward the educational materials activity because our priority is on increasing the programmatic resources which most directly benefit students.

A $7,000 increase is requested for advisory services. This activity supports 2 meetings each of the advisory committee on selection of textbooks and the advisory committee on research and development, a nominations committee meeting, the annual census of blind students, production of catalogs of educational materials, and field services such as consultation and in-service training to inform administrators and teachers about available materials and

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1991 Budget Proposal — Continued

how they are used. The advisory committees are selected from ex officio members of APHB's Board of Trustees.

The request for educational and technical research represents an increase of $15,000 over the 1990 appropriation level. This level will provide sufficient funds to continue current research operations and explore new promising areas for product development. Examples of priority areas for materials under development include:

Early Childhood

- Developing Literacy: Basic Skills, Concepts, and Early Experience
- Infant Skills Project
- Preschool Learning Activities
- Early Childhood Microcomputer Applications
- Parents and Visually Impaired Infants

Braille

- Braille Language Program
- Grade 2 Braille Cards
- Braille Line Length Study
- Linguistic Analysis of American Literary Braille, Grade 2
- Braille Writing Program
- New Programmed Instruction in Braille

Microcomputer Applications

- APH PocketBraille Enhancements
- BASIC Programming
- Speaqualizer Improvements
- Talking Literacy Kit (TALK): Apple II Computers
- Talking Typer
- Telecommunications

Federal funds augment funds which APHB receives from other sources to conduct research. APHB uses these funds to conduct applied research and has developed a wide variety of new and adapted educational materials. In 1991, the Printing House plans to place a priority on the development of new materials to serve children birth through age 3.

The Department of Education initiated a study of the Printing House and the provision of educational materials for the blind in October 1989. The purpose of the study is to obtain data on the operations of the Federal quota program at APHB, the effect of the program on the education of persons who are visually impaired, and the context under which it operates. The Federal Government has not previously conducted a study of the Printing House, though

Special Institutions for the Handicapped

1. American Printing House for the Blind

1991 Budget Proposal — Continued

APHB has received a Federal appropriation for the purpose of producing and distributing educational materials for persons who are blind for 121 years. The study will address a number of questions related to APHB. For example, how well are the materials produced meeting the needs of consumers? How does the per-pupil allotment relate to the needs of visually impaired students? Can the current method for determining the allotment to States for distributing products under the Federal program be improved? How does the Printing House coordinate with or complement other producers of materials for persons who are visually impaired? Are there emerging issues likely to affect the educational needs of students who are visually impaired? The Department is also aware of concerns raised by the National Federation of the Blind regarding the effectiveness of the Federal quota program at APHB. This study will examine these concerns.

The study will also examine several general issues related to the provision of educational materials for visually impaired students. These include the average cost of supplying students with educational and related materials per year and how this cost varies by age, severity of disability, and type of student placement. The Education of the Handicapped Act (EHA) has had a significant impact on the education of persons who are blind by requiring a free, appropriate public education for all students with disabilities. As a result, the number of visually impaired children served through the Act has greatly increased. The significance of the EHA or changes in technology on the services provided and need for materials for visually impaired students has not been assessed since the passage of the Act. This study should provide a better understanding of the services provided to and emerging needs of APHB's target population. The Department made a presentation of the goals and objectives of the study at the Annual Meeting of the Ex Officio Members of the Board of Trustees of the Printing House in October 1989.

Impact Data	1989	1990	1991
Distribution of funding:			
Educational materials......	$4,860,000 1/	$5,149,000	$5,366,000
Advisory services..........	144,000	153,000	159,000
Educational and technical research.................	341,000	361,000	376,000
Total, APHB..............	5,345,000	5,663,000	5,901,000
Number of persons served...........	44,821	46,484	48,180
Average per student allotment...... 2/	$108.43	$110.77	$111.37

1/ Includes $10,000 from the permanent appropriation.

2/ This number is derived by dividing the allocation for educational materials by the actual or projected number of students.

Special Institutions for the Handicapped

1. American Printing House for the Blind

Impact Data -- Continued

	1989	1990	1991
Advisory committee meetings	4	4	4
State education agencies visited...	5	8	8
Residential programs visited.......	5	6	6
Rehabilitation programs visited....	2	2	2
Visits to teacher training programs	4	4	4
Inservice training programs........	25	13	15
Other workshops held...............	10	10	10
Catalogs distributed...............	22,000	22,000	22,000
Total employees....................	320	320	320

Special Institutions for the Handicapped

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2. **National Technical Institute for the Deaf: a) Operations** (20 U.S.C. 4301 et seq.)

1991 Authorization: Indefinite

Budget Authority:

1990 Appropriation	1991 Request	Increase or Decrease
$34,384,000	$37,195,000	+$2,811,000

Purpose and Method of Operation

The National Technical Institute for the Deaf Act authorized the creation of a residential facility for postsecondary technical training and education for deaf individuals in 1965. The purpose of the Act was to promote the employment of the deaf by providing technical and professional education for the Nation's deaf young people. The Secretary of Education was authorized by the Act to contract with an institution of higher education located in a metropolitan industrial area. Such a contract is maintained with the Rochester Institute of Technology (RIT) in Rochester, NY. The purpose of the special relationship with the host institution is to provide the National Technical Institute for the Deaf (NTID) with facilities and core services which would not otherwise be available to an institution of NTID's size. RIT provides curriculum and faculty expertise from eight other colleges; health and counseling services; library, physical education and recreation facilities; and reduced overhead for services such as food, maintenance, grounds, and security due to economies of scale.

The National Technical Institute for the Deaf Act was superceded by the Education of the Deaf Act of 1986. This Act continues the authority of the Department of Education to contract with a host institution and provide a Federal subsidy to NTID so the Institute may continue to provide postsecondary educational options for individuals who are deaf. This appropriation represents about 83 percent of NTID's total budget. The remaining funds come from tuition and fees. The appropriation is a current funded program for which funds are available from October 1 to September 30. The level of funding is dependent upon the availability of appropriations.

NTID offers a variety of technical programs at the certificate, diploma, and associate degree level. These include majors in business, engineering and science, and visual communications. NTID students may also participate in approximately 200 educational programs available through the other eight colleges of the Rochester Institute of Technology. RIT offers advanced technological studies at the bachelor's and master's degree levels. The association of NTID with the Rochester Institute of Technology provides deaf students with a far wider choice of career preparation options than could be provided by a national technical institute for the deaf standing alone. NTID augments the technical and professional education programs with support services and special programs. These services include tutoring, counseling,

Purpose and Method of Operation -- Continued

notetaking, interpreting, the provision of special educational media, and programs such as cooperative work experience and specialized job placement.

NTID also conducts applied research and provides training in occupational and employment-related aspects of deafness, communication assessment, demographics of NTID's target population, the characteristics and flow of students through the postsecondary environment, learning development, and the education process. Research findings, education techniques, and products are disseminated through publications and training seminars. NTID helps train professionals in the field of deafness through the University of Rochester Graduate Program for Education Specialists, an Associate in Applied Science program in interpreting, a tutor/notetaking program, and an internship program for graduate students and other professionals.

Accomplishments

The number of applicants to the National Technical Institute for the Deaf continued to decrease from 735 in 1987 to 692 in 1988 and 646 in 1989. Acceptances declined from 551 in 1987 to 476 in 1989 and registrations fell from 419 to 372 during this period. The total enrollment of deaf students at the Institute dropped from 1,288 in 1987 to 1,096 for 1990. However, the current enrollment is still 103 higher than it was in 1983, prior to the rubella bulge. NTID attributes the decreases to a decline in the number of rubella students and a declining pool of eligible high school students. The Institute is employing aggressive marketing strategies to enroll new students, transfer students, and previous dropouts to help increase NTID's enrollment. NTID also hopes to admit foreign students for the first time with the Summer 1990 session. The Institute anticipates that the addition of these students will help reverse the overall decline in enrollment in recent years.

During 1989, 174 degrees were granted to 172 graduates, 52 less than the record set in 1988. Forty-nine of the graduates received bachelor's or master's degrees through the other colleges of RIT. This compares with 51 in 1988, 36 in 1987, and 32 in fiscal year 1986. While the total number of bachelor's and master's degree graduates is slightly lower than last year, the percentage this number represents of total graduates was much higher, 28 percent as compared to 18 percent in 1988. Enrollment of deaf students in RIT's other colleges remained high in 1989. Two hundred and thirty-nine deaf students were enrolled in RIT programs along with RIT's 13,000 full-time and part-time hearing students. The percentage of deaf students admitted from mainstreamed schools also continued to be very high which reflects a national trend to educate students with handicaps in classes with their non-handicapped peers. Students who received their secondary education at mainstreamed schools comprised 67 percent of students admitted in 1989. The remaining students came from public schools for the deaf (30 percent), and private schools for the deaf (3 percent). Students came from 40 States, the District of Columbia, and Puerto Rico.

Accomplishments -- Continued

NTID does not yet have figures on the employment status of 1989 graduates. However, 155 of the 224 graduates from 1988, or 69 percent, have chosen to enter the labor market. Of those, 146 persons, or 94 percent, are employed. Consistent with past records, the majority of these graduates, or 82 percent, were employed in business and industry. Of the remaining graduates, 15 percent are employed in government and 3 percent in education. The majority of those not entering the labor force chose to continue their education. According to figures collected by the Institute, unemployment among NTID alumni seeking work was approximately 4 percent in 1989, well below the national average. To facilitate the employment of persons who are deaf, the National Center on Employment of the Deaf at NTID continued to provide training to persons concerned with employment of deaf individuals. Approximately 350 persons participated in ongoing programs of the Center in 1989.

In fiscal year 1988, program review guidelines were developed by the NTID curriculum committee to assist departments in curriculum evaluation. These guidelines were adopted in 1989. Using these guidelines, schools and divisions can obtain formative information about how well they are doing. Reviews of the data processing program and counseling services in the School of Business Careers and the manufacturing processes program in the School of Science and Engineering Careers currently are in progress using the new guidelines. In fiscal year 1989, a new degree option was offered in Business Technology for an Associate in Occupational Studies degree. In addition, an associate degree in manufacturing processes was approved by the School of Science and Engineering Careers, curriculum options were proposed in the field of electronic document production through the School of Visual Communication Careers, and an associate degree was proposed in custom photographic laboratory services by the photo/media technologies department. Two of three courses for third-year NTID students were adopted as part of an integrated mathematics sequence, and the third course is being developed.

Since renewing its commitment to affirmative Action (AA) and Equal Employment Opportunity (EEO) in 1985, NTID has increased both its employment of minority and handicapped people. The number of racial minority employees has grown from 17 in fiscal year 1985 to 42 in fiscal year 1990. The number of disabled employees has increased from 54 to 85 during the same period. Deaf persons accounted for 47 of these employees in 1985 and 78 in 1990. Significantly, nearly 55 percent, or 30 out of 55, of the employees hired in the past year were either minorities or disabled. Twenty of these persons were hearing impaired. In addition, of the 372 new students enrolled at NTID for 1990, 14.5 percent are members of minorities, the highest representation in NTID's history. The number of incoming minority students jumped from 36 in 1989 to 54 for 1990. This number is 50 percent higher than the number of minority students in any previous incoming class.

NTID's joint study with the Internal Revenue Service was initiated in 1985 and compares the earnings of deaf graduates with those of hearing people with

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Accomplishments -- Continued

similar skills. The project was expanded in 1989 to include the four federally funded Regional Postsecondary Education Programs for the Deaf. The addition of these programs enabled NTID to study the earnings of over 16,000 deaf and hearing persons who completed some postsecondary education. Findings from this study indicate that deaf individuals without a college degree earn nearly 32 percent less than their hearing counterparts, but those with bachelor's and master's degrees earn only 11 to 17 percent less than their hearing peers. This is consistent with the previous year's study that showed that NTID bachelor degree graduates earned only 8 percent less that a matched sample of Rochester Institute of Technology bachelor degree graduates who are hearing. NTID also completed its 10th year of the Secondary School Follow-up Program. In 1989, the follow-up was expanded from 2,500 students to nearly 5,000 alumni of 26 high schools. Respondents provided information on their educational, social, and occupational activities. The survey indicated that the transition from high school to the world of work is particularly difficult for individuals who do not pursue some form of postsecondary education. In addition, college graduates secure better jobs and experience lower unemployment than deaf individuals that do not complete college.

The Institute's Department of Educational Research and Development has several projects to enhance the personal and career development of deaf students. For example, deaf students in postsecondary education have a high drop-out rate. The Early Alert System for Education, which completed its fourth year in 1989, was developed to help retain students at NTID. The system uses student surveys and teacher referrals to identify students who show signs of potential academic or adjustment problems. The information is collected in the first three weeks of the student's first academic quarter so that it can be analyzed promptly and reported to the student's counselor in case intervention is needed. The Department also completed a multiyear study on mainstreaming at RIT entitled, "Academic and Social Mainstreaming: Deaf Students' Perspectives on their College Experiences." This study was complemented by a September 1989 paper, "Integrating Hearing and Deaf Students on a College Campus: Successes and Barriers as Experienced by Hearing Students." Another project with significant potential is the Real-Time Graphic Display Alternative. Rather than using interpreters and notetakers, this system uses a stenographer to translate instruction into print during class. Students also receive a hard-copy printout of the lecture afterward. Research is continuing to identify systems for converting speech to print that would not involve the training of a stenographer. This project is of particular benefit to students who use oral communication.

1991 Budget Proposal

The Department is requesting $37,195,000 for the National Technical Institute for the Deaf (NTID), an increase of $2,811,000 over the 1990 appropriation. This amount represents an 8.2 percent increase above the 1990 appropriation level. This increase would provide substantial funding to help meet increased costs. The request includes $1,942,000 for compensation increases. This

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1991 Budget Proposal -- Continued

level would provide sufficient funds for an across-the-board increase of 6 percent above NTID's 1990 salary base. To offset the effect of inflation, a general increase of 4.2 percent, or $369,000, is requested for non-personnel compensation and benefit activities. The remaining $500,000 would be used for chargebacks from the Rochester Institute of Technology that are increasing at a higher rate than the inflation rate provided, the acquisition of new equipment, and for program improvement. In addition to the increase in appropriations, NTID will receive increased revenue from tuition which is increasing by $250 per student in 1991. The Institute estimates that the tuition increase will generate approximately $300,000 in new revenue.

The Federal Government, through its support for NTID, has demonstrated a strong commitment to the education of the deaf over the years. Over the past 10 years, funding for the direct operations of the Institute increased from $17,349,000 in 1980 to $34,321,000 in 1990. This represents an increase of 97.8 percent. Prior to 1987, NTID did not conduct fundraising activities because it did not want to take away from the fundraising efforts of the Rochester Institute of Technology. However, the Department strongly encouraged NTID to solicit private contributions and introduced the endowment matching program as an incentive for it to do so. The Institute concluded the second full year of its new development program in 1989. A total of $962,851 in gift income was contributed by more than 500 individuals, corporations, and foundations. This represents an increase of 141 percent over the 1988 level of $399,779. The total included $252,671 in endowed funds eligible for the Federal matching program and $422,536 in state-of-the-art equipment for academic programs. Of the remaining funds, $250,000 was used to establish a new International Center for Hearing and Speech Research, whick is a joint venture between NTID and the University of Rochester Medical Center funded solely through private sources.

The Administration's request for 1991 includes funds specifically targeted toward providing an across-the-board 6 percent salary and benefit increase for all personnel. The Institute would like to provide a 7 percent increase in salaries and benefits to faculty and staff to increase NTID's competitiveness in the higher education employment market. While sufficient funding would be available in the request to fund such an increase, a 6 percent increase is consistent with increases currently planned for employees of the host institution, the Rochester Institute of Technology (RIT). NTID has claimed in the past that they are required by the agreement between the Department of Education and RIT to provide the same increases as RIT. However, 7 percent would be greater than that planned by RIT. The Senate Committee directed the Department of Education to investigate this issue and submit a report to the Committee no later than February 1, 1990.

The conference report to the 1990 appropriation bill also directed the Secretary to grant approval for NTID to admit foreign students and that such students should pay a 50 percent tuition surcharge which could be phased-in over a three-year period. The Department plans to reach a decision on this

1991 Budget Proposal -- Continued

matter, including possible conditions that might be placed on such approval, prior to the 1991 appropriation hearings.

A proposal for a new associate degree program in manufacturing processes was accepted by the NTID Curriculum Committee and will be implemented for school year 1990-91. The program will involve the development of four new courses. NTID plans to submit a new associate degree program proposal for custom color lab services to the curriculum committee for approval in 1990 and expand the basic interpreter training program within the Department of Support Service Education to address the need for continuing education for interpreters by establishing a summer institute program for professional interpreters. NTID is also planning to implement and evaluate a pilot program in "distance learning" for a liberal arts course using computer conferencing as the primary instructional medium. The program would be jointly sponsored by the Rochester Institute of Technology College of Liberal Arts, NTID, and Gallaudet University. All six academic departments (Audiology, Speech-Language, English, Technical and Integrative Communication Studies, Sign Communication, and Research) within the Division of Communication Programs have established program review committees in preparation for 5-year departmental program reviews scheduled for 1991.

Impact Data

	1989	1990	1991
Annual tuition and fees:			
Tuition..........................	$2,835	$3,084	$3,334 1/
Room.............................	1,701	1,737	2,021 1/
Board............................	1,938	2,055	2,137 1/
Fees.............................	321	336	336 1/
Total..........................	6,795	7,212	7,828
Percentage of support provided by the Department of Education......	83%	83%	83%
Student population:			
Applications.....................	646	671 2/	690 3/
Acceptances......................	476	495	520
Registrations....................	372	387	400
Enrollment.......................	1,171	1,096	1,100
Technical......................	(932)	(855)	(860)
Professional...................	(239)	(241)	(240)
Graduates........................	192	200	200
Minorities as a percent of total enrollment....................	8.1%	9.9%	10.5%
Summer Vestibule Program.........	311	325	325
AAS Program for Interpreting.....	73	55	60
RIT/NTID joint graduate program..	21	20	30

Special Institutions for the Handicapped

2. National Technical Institute for the Deaf: a) Operations

Impact Data -- Continued

	1989	1990	1991
Student services:			
Graduate permanent job placement.	146	130	130
Placement rate..................	94%	95%	95%
Placement in business & industry.	82%	82%	82%
Co-op placement.................	282	350	350
Hours of interpreting...........	60,372	60,000	60,000
Hours of notetaking.............	37,003	37,000	37,000
Hours of tutoring...............	11,937	12,000	12,000
Instructional captioned programs for the classroom............	90	80	80
Instructional development products for the classroom....	300	300	300
Co-op visits....................	110	80	80
Research:			
Funding.........................	$1,332,000	$1,625,800	$1,747,000
Publications....................	100	100	100
Outreach:			
National Center on Employment of the Deaf (participants)........	348	350	350
Dissemination of educational awareness publications........	60,900	60,000	60,000
NTID Focus magazine.............	60,000	60,000	60,000
Professional/graduate internships	32	30	30
Tutors/notetakers trained........	124	130	130
Interpreters trained............	124	150	150
Explore Your Future (HS Juniors).	86	90	90
Personnel:			
Faculty (FTE)...................	285	285	285
Non-faculty (FTE)...............	285	285	285
Minorities as a % of staff.......	7.2%	8.0%	8.5%
Handicapped as a % of staff......	16.5%	17.0%	17.5%

1/ A three-year tuition plan was agreed upon by the National Technical Institute for the Deaf, Gallaudet University, and the Department of Education in September 1988. The levels in this plan were subsequently approved by the RIT Board of Trustees.

2/ Includes estimate of 25 applications from foreign nationals based on an expectation that NTID will be permitted to admit foreign students for school year 1990-91.

3/ Includes estimate of 50 applications from foreign nationals based on an expectation that NTID will be permitted to admit foreign students for school year 1991-92.

Special Institutions for the Handicapped

2. National Technical Institute for the Deaf: b) Endowment
(20 U.S.C. 4301 et seq.)

1991 Authorization: Indefinite

Budget Authority:

1990 Appropriation	1991 Request	Increase or Decrease
$322,000 1/	$336,000	+$14,000

Purpose and Method of Operation

Section 408 of the Education of the Deaf Act of 1986 created the authority for an endowment matching program for the National Technical Institute for the Deaf (NTID). The endowment matching grant is designed to assist in meeting future needs of the Institute and to reduce long-term Federal funding requirements by stimulating private contributions. The Secretary, subject to the availability of appropriations, makes payments to the endowment program equal to sums contributed to the program from non-Federal sources (excluding transfers from other endowment funds that may be held by the Institute or host institution). NTID receives matching contributions for non-Federal funds raised up to the amount of funds appropriated by the Congress for this purpose. Funds appropriated for this program are available until expended.

The endowment program corpus, which is invested in federally insured bank savings accounts and other low-risk investments, may not be withdrawn for a twenty-year period running from the August 4, 1986 enactment of the Education of the Deaf Act. The Institute may spend up to 50 percent of the income of the fund for expenses necessary to the operation of NTID such as construction and renovation, personnel, special equipment, community and student services, technical assistance, and research.

Accomplishments

In 1988, the first year for which funds were available, NTID matched the entire $191,000 appropriated for this program. In 1989, contributors designated $252,671 to endowed funds at NTID which qualify for the Federal program. All $198,000 of Federal endowment funds available in 1989 were matched, and $54,671 is available for matching the $322,000 appropriated for 1990.

1991 Budget Proposal

The Department is requesting $336,000 for this program for fiscal year 1991, an increase of $14,000 above the 1990 appropriation level. The 1991 request represents a 4.2 percent increase for inflation to demonstrate our support for this program. NTID requested $500,000 for the endowment program for 1991. However, the Department believes that a larger increase is not warranted at this time. The 1990 appropriation represented a significant

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1991 Budget Proposal -- Continued

increase over funds previously made available for this purpose. Future requests will be adjusted to reflect the Institute's progress toward meeting the 1990 and 1991 levels. Funds are requested in order to promote the financial independence of the Institute and give NTID a permanent and increasing source of funds for enrichment activities and special projects. The Federal matching provision creates a strong incentive for potential contributors to donate funds to NTID.

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2. National Technical Institute for the Deaf: c) Construction
(20 U.S.C. 4301 et seq.)

1991 Authorization: Indefinite

Budget Authority:

1990 Appropriation	1991 Request	Increase or Decrease
$476,000	---	-$476,000

Purpose and Method of Operation

The Education of the Deaf Act of 1986 authorizes the Secretary to establish and continue an agreement with an institution of higher education for the establishment and operation, including construction and equipment, of a National Technical Institute for the Deaf. The Agreement for Establishment and Operation of the National Technical Institute for the Deaf defines construction, in part, as construction of new buildings; expansion, remodeling, and repair of existing buildings; acquisition of land including the improvements thereon and appurtenances thereunto; and initial equipment essential to the operation of the Institute, including all necessary building fixtures and utilities, furnishings, and instructional equipment.

Accomplishments

In 1990, $476,000 is available for construction. Following is a plan summarizing the projects and estimated funding allocation for each project. NTID anticipates that these projects will be completed by September 1990.

- Installation of Smoke Hatches in Dormitory Stairwells - These hatches are required to allow an escape path for smoke in stairwells. The New York Dormitory Authority found that NTID was out of compliance with the New York State Uniform Fire Prevention and Building Code, Title 9, Volume B, Section 739.4.8. by not having these smoke hatches and recommended that automatic hatches be installed. The Rochester Institute of Technology, NTID's host institution, also planned to undertake a campus-wide program to install automatic smoke hatches in 1990. NTID has been able to take advantage of bulk discounts because of the larger contract. A cost review and project redefinition to allow the use of existing roof openings has further reduced the cost for this project. The original $75,000 estimate has been reduced to an actual project cost of $18,000.

- Strobe Lights - These lights are used as a substitute for fire and other emergency alarms in the dormitories. The original strobe lights installed by the Institute are no longer manufactured and are difficult to replace. In addition, they do not meet Underwriters Laboratories standards currently required by the National Electrical Code, articles 100 and 110. Standards had not been adopted at the time this system

Accomplishments — Continued

was installed. The Institute proposes to replace all such lights to increase safety and lessen potential liabilities in the event of a disaster. Estimated cost: $458,000.

1991 Budget Proposal

No funds are requested for construction for 1991. In 1990, $476,000 was appropriated for the repair of emergency items associated with safety and security. The Institute indicated in its November 6, 1989 report to Congress on the 1990 repair program that funds set aside for the maintenance of facilities within NTID's operating budget would be sufficient to cover additional priority areas. These include smoke detectors to replace heat detectors in the dormitories, additional strobe lights for non-NTID dormitories, and the replacement of smoke doors in the dormitory basement tunnels.

The National Technical Institute for the Deaf did not request funds for construction for 1991. The Institute has undertaken in-depth reviews of facilities to determine areas in need of major renovations. NTID is developing a long-range plan, and has indicated that it intends to involve the Department of Education in the development of this plan. To the extent the facility reviews indicate needs which cannot be addressed within the ongoing maintenance plan of the Institute, they will be considered as part of the budget requests for future fiscal years.

Special Institutions for the Handicapped

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2. National Technical Institute for the Deaf: d) Consortium (Rehabilitation Act of 1973, Title III, Part B, section 311))

1991 Authorization: $19,675,000 1/

Budget Authority:

1990 Appropriation	1991 Request	Increase or Decrease
$888,000 1/	---	-$888,000

1/ Authorization amounts shown for this activity represent the total authorization for all activities under section 311 of the Rehabilitation Act of 1973 which are otherwise funded under the Rehabilitation Services and Handicapped Research Account.

Purpose and Method of Operation

The 1990 appropriation for the National Technical Institute for the Deaf included funds to be used by the Secretary for one year grants under section 311 of the Rehabilitation Act of 1973 (the Act) for the purpose of supporting a consortium of institutions to provide education and vocational rehabilitation services for low functioning adults who are deaf. Section 311 of the Act authorizes the provision of financial assistance to projects for expanding or otherwise improving vocational rehabilitation services and other rehabilitation services for individuals with severe disabilities. States and public and other nonprofit agencies and organizations are eligible for assistance under this program. Projects for persons who are deaf must demonstrate innovative methods of providing the specialized services needed to rehabilitate and make maximum use of the vocational potential of these individuals or conduct coordinated activities with other public and nonprofit agencies administering programs for deaf persons in the same area in order to expand or improve rehabilitation services for individuals who are deaf.

For 1990, the Department plans to give absolute preference to applicants that would provide educational and vocational rehabilitation services to maximize the vocational potential of low functioning adults who are deaf, including those who are deaf and have additional handicapping conditions. Applicants must coordinate with and provide services through a consortium of public and private agencies to address the general education, counseling, vocational training, work transition, supported employment, job placement and follow-up, and community outreach needs of low functioning adults who are deaf. Applicants must propose projects that can be replicated, in whole or in part, by other service providers.

1991 Budget Proposal

No funds are requested for the Consortium for fiscal year 1991. The Department believes that it is premature to commit additional funding to this

1991 Budget Proposal — Continued

project. The Department continues to have a number of serious concerns about this project. It is not clear that this is the best mechanism to provide services to this population. We are concerned that the Federal Government not commit itself to a particular course until all avenues are investigated. In 1990, the Department will establish a new Research and Training Center under the National Institute on Disability and Rehabilitation Research for low functioning persons who are deaf. This center will conduct research on how best to meet the needs of the low functioning deaf population. The activities and findings of the Research and Training Center and demonstration programs funded under this program should be evaluated prior to targeting additional resources towards the service needs of the low functioning deaf population.

3. Gallaudet University: a) Operations
(20 U.S.C. 4301 et seq.)

1991 Authorization: Indefinite

Budget Authority:

	1990 Appropriation	1991 Request	Increase or Decrease
University programs...	$45,899,000	$48,799,000	+$2,900,000
Model Secondary School for the Deaf.........	13,368,000	14,005,000	+637,000
Kendall Demonstration Elementary School....	7,390,000	7,743,000	+353,000
Total..........	66,657,000	70,547,000	+3,890,000

Purpose and Method of Operation

Gallaudet University is a private, nonprofit educational institution providing elementary, secondary, college preparatory, undergraduate, and continuing education programs for deaf persons. In addition, the school offers graduate programs in fields related to deafness for deaf and hearing students, conducts a wide variety of basic and applied deafness research, and provides public service programs for deaf persons and professionals who work with deaf persons.

Gallaudet University serves deaf people throughout the Nation through a wide variety of educational opportunities, public outreach activities, and research programs. It offers a traditional liberal arts curriculum and graduate programs on its main campus and a preparatory program on the satellite campus in Northwest Washington. In addition to these instructional programs, the University provides special communications training, counseling, and other supportive services to its students.

The Model Secondary School for the Deaf (MSSD) provides secondary education to deaf students from the District of Columbia, five neighboring States, and other States based on need and available space. MSSD serves as a laboratory for educational experimentation and development; disseminates working models related to the education of deaf persons to educational programs and professionals serving deaf students; prepares deaf adolescents for postsecondary academic and/or vocational pursuits; and provides students with skills considered necessary to becoming well-adjusted, contributing members of society.

The Kendall Demonstration Elementary School (KDES) operates as a model elementary school for deaf children. Its purpose is to provide exemplary educational programs for hearing-impaired children who reside in the greater Washington metropolitan area. The instructional program provides learning activities and on-site instruction for children from infancy through age 15. Support programs provide services to instructional personnel and students'

Purpose and Method of Operation — Continued

families in areas such as educational technology, social services, family education, speech, audiology, student counseling, educational assessment, occupational therapy, medical services, and evaluation. Like MSSD, it also develops and disseminates educational techniques and strategies it believes would be effective for teachers and professionals working with deaf children. Both MSSD and KDES are located on the main campus of Gallaudet University.

The Federal appropriation represents about 73 percent of total income for the University, including income from restricted and unrestricted sources. The appropriation comprises 100 percent of the funding for the Model Secondary School for the Deaf (MSSD) and Kendall Demonstration Elementary School (KDES) and about 65 percent of the funding for college level instructional, research, and outreach programs. The University derives its remaining revenue from a combination of student tuition and fees, Federal research grants and contracts, private research contracts and grants, auxiliary services revenue, private donations, endowment income, and interest income from investments. This is a current-funded program for which funds are available from October 1 to September 30. The level of funding is dependent upon the availability of appropriations.

Accomplishments

The University had a significant increase in enrollments in school year 1988-89. This may be attributed to the increased awareness and positive publicity resulting from the appointment of Dr. I. King Jordan, the first deaf president of Gallaudet University. Enrollment leveled off slightly in the fall of school year 1989-90, but this level is still higher than the enrollment of 1987-88. Enrollment at MSSD continued to decline for the sixth consecutive year. These decreases may be attributed to a number of factors, including increasing mainstream options for deaf students, a decrease in the available pool of deaf students following the passing of the influx of students deafened as a result of the rubella epidemic of 1964-65, and a nationwide decline in the number of secondary school age students. The University created the Postsecondary Enrichment Program to help fill the excess capacity, but enrollments in the high school program have continued to decline. The University is very concerned about the loss of enrollment in the MSSD program and, as a part of a comprehensive enrollment planning process which began this fall, is considering various options for the program. KDES anticipates that enrollment will remain relatively stable in fiscal year 1990.

During 1989, Gallaudet served 259 preparatory students, 1,602 undergraduates, 151 non-degree credit students, and 379 graduate students through University programs. The Model Secondary School for the Deaf served 296 high school students and 48 preparatory students, and the Kendall Demonstration Elementary School served 192 students. In addition, the University developed numerous research publications, provided public service programs, and hosted students, professionals, dignitaries, members of the general public, and international visitors who visited the campus to observe programs and meet with Gallaudet staff.

Accomplishments -- Continued

In 1989, Gallaudet initiated a study of the institution's organizational structure. Major goals of the organizational study included: streamlining of the organizational structure, decentralization of responsibility and authority, identification of the provost as the senior vice president, integration of academic programs, better coordination of outreach efforts, increasing the emphasis on private fundraising, and reduction of the number of functions reporting to the president. As a result of this study, the number of vice presidents was reduced from five to three. These are the Provost, Vice President for Administration and Business, and Vice President for Development. The positions of Vice President for Institutional Research, University Relations, and Pre-College Programs were eliminated. Additional programs were consolidated, and the Provost was designated the chief academic officer. Gallaudet expects that there will be substantial savings due to elimination of these administrative positions, and that the funding supporting these positions will be reallocated into program and program support areas.

On July 10-14, 1989, Gallaudet University hosted a major international conference and festival on deafness titled "The Deaf Way." More than 500 papers, performances, and exhibits were presented during this period. The conference focused on four areas: deaf culture, history, language, and art. Each area included two major plenary sessions, daily symposia, and many smaller presentations. The conference attempted to set a new direction for the world deaf community by focusing on ability and diversity rather than the limitations of deafness. Over 5,000 persons attended, including representatives of 81 countries.

The General Accounting Office (GAO), in its 1987 evaluation of Gallaudet's elementary and secondary schools, was highly critical of the University's recordkeeping regarding pre-college research and demonstration funds. The University believes that it has made progress and is now complying with GAO's recommendations. The University determined that separate accounting for national mission costs would be excessively expensive and time consuming. Gallaudet is implementing an alternative reporting system that it believes will produce more reliable and valid information. This should result in more precise estimates of the pre-college programs' national mission costs. Gallaudet is currently developing instruments and procedures for putting this system into operation. A review of the literature in this area has been completed and interviews are being conducted with representative faculty and staff to assist in the development of an appropriate design for data collection. The University anticipates that the new system will be fully operational by the close of fiscal year 1990.

The Education of the Deaf Act mandates that the Secretary conduct monitoring and evaluation activities of the education programs and activities and administrative operations of Gallaudet University. The Commission on the Education of the Deaf also recommended that the Department conduct program evaluations of Gallaudet. In 1989, the Department conducted a planning study to determine priorities for evaluation related to Gallaudet University. The

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Accomplishments -- Continued

results of this study are discussed in the narrative for Evaluation Studies. In addition, the Department is conducting a study of the Model Secondary School for the Deaf and Kendall Demonstration Elementary School. The purpose of this study is to determine the impact of these 100 percent federally funded, tuition-free schools on the placement decisions of local school districts and how the per pupil cost of these schools compares to per pupil costs of other placements. Originally scheduled for completion in 1989, this report from this study has been delayed for additional data gathering and analysis. The Department anticipates completion during fiscal year 1990.

The Commission on Education of the Deaf issued its report, Toward Equality, in February 1988. The report contained several recommendations related to Gallaudet University. Gallaudet has made progress toward meeting a number of the recommendations. For example, during the past year, four new members joined the Gallaudet Board of Trustees, all of them persons who are deaf. Gallaudet also developed concrete research plans which were shared with the Department of Education in 1989. The Department is requesting an update of this plan for fiscal years 1990 and 1991. The data provided include the nature and rationale for the research, where it is housed organizationally, the cost and funding source for each project, and a description of all new initiatives. The Department plans to review and comment on the plans received.

1991 Budget Proposal

The Department requests $70,547,000 for Gallaudet University operations, an increase of $3,890,000, or 5.8 percent, above the 1990 appropriation. This amount represents a 6.3 percent increase for the operation of University programs and 4.8 percent increase for the operations of the Model Secondary School for the Deaf (MSSD) and Kendall Demonstration Elementary School (KDES). These increases are proposed to provide salary improvements for faculty and staff and programmatic improvements for University programs.

The University's main priority for operations in fiscal year 1991 continues to be increasing its competitiveness in faculty and staff employment markets. Over the past several years, Gallaudet has given salary increases to faculty in excess of inflation in order to increase its competitiveness with area and other national institutions. Gallaudet faculty and staff must not only be well qualified in their fields, but also be trained to meet the special needs of deaf students, clients, and co-workers. For this reason, the University plans to put $2.9 million of the $3.9 million operations increase for University programs, MSSD, and KDES into salary and benefit increments. This level would provide sufficient funds for an across-the-board 5 percent increase in salaries and benefits.

Gallaudet anticipates that higher expenses in other areas would be covered through increases in non-appropriated revenues, primarily tuition and fees. A three-year plan for incremental tuition and fee increases was established during discussions among the Department of Education, Gallaudet University,

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1991 Budget Proposal -- Continued

and the National Technical Institute for the Deaf held in September 1988. An agreement reached at that time includes a school year 1990-91 tuition increase of $250 per United States student above the tuition to be charged in school year 1989-90, a 50 percent surcharge above this rate for foreign students, and an increase of $439 in room and board charges for all students. This will result in additional revenue of approximately $1,285,000 in 1991.

Gallaudet University is placing increasing emphasis on training professionals to serve deaf persons in the areas of mental health and social services. A lack of communication and understanding between the deaf client and the professional has constituted a major obstacle to high quality service and care. To help address this need, Gallaudet introduced a new master's degree program in social work in school year 1989-90. This program is continuing to be developed and will be phased in during fiscal years 1990 and 1991. A new doctoral program in clinical psychology is accepting students and will commence full operations in school year 1990-91. Because the deaf population is relatively small and widely dispersed, the new programs will lead to certification of graduates as general practicioners in their fields, with a specialty in deafness. The Department is requesting $475,000 to develop and support these programs in 1991.

In 1987, the University opened a new school of management. Gallaudet used $150 thousand of the 1989 appropriation to support the expansion of the School of Management. However, enrollment and interest in these programs have continued to grow. The Department is requesting an additional $50 thousand to support increased program offerings at the School of Management for 1991.

For 1991, the University proposes to augment programs in professional development for faculty and staff and enhance efforts to assess student educational outcomes. The Department has expressed a strong interest in assessing student outcomes at Gallaudet, consistent with the Administration's emphasis on program accountability. The Department is requesting $450,000 for these programs for 1991. The program would consist of the following five components:

1. A Centralized Program to Improve Learning and Teaching. This program is designed to provide a central organization for enhancement and expansion of academic support services and instructional and curriculum development. Examples of services include: tutorial services, support for faculty curriculum development, and student outcome assessment services. ($150 thousand)

2. School of Preparatory Studies Assessment Program. Funds are requested to support the expansion of existing efforts aimed at identifying the factors that lead to enhanced student achievement, especially at the preparatory level. ($50 thousand)

1991 Budget Proposal — Continued

3. School of Education and Human Services Student Outcomes Assessment Program. This program is required for accreditation of teacher training programs and is designed to provide follow-up information on and assistance to students after graduation and during their first year on the job. ($50 thousand)

4. Sign Communication Diagnostic Center. This program is needed to further implement Gallaudet's new system for assessing student and employee sign communication proficiency. The Center will provide assessment and diagnostic information to faculty, staff, and students seeking assistance. ($100 thousand)

5. Academic computing. In recent years, there has been exponential growth in computing technology and its academic applications. Funds are needed to provide professional development for faculty and training for students to make optimal use of this technology, both in the curriculum and in future employment. ($100 thousand)

The University has requested $125 thousand in 1991 for a new program to offer an associate of applied science degree in Medical Records Technology (MRT). The MRT program is designed to provide options for students who do not elect to pursue a bachelor's degree. The Department questions the need for this program. The National Technical Institute for the Deaf has a very successful ongoing MRT program, and there are several existing MRT programs in the Washington metropolitan area. The Department is also concerned that the addition of associate degree programs of this type would constitute a shift from Gallaudet's mission as a liberal arts institution. The National Technical Institute for the Deaf (NTID) and four federally funded Regional Postsecondary Programs for the Deaf offer alternatives for students for whom completion of a four year program is not feasible. The Department does not believe this is a priority area for the expansion of Gallaudet's programs, or that the Federal Government should be funding programs at Gallaudet to compete with programs it funds at NTID. Funds are not requested for this purpose.

In addition to efforts described above related to student assessment, the University is planning to form committees to develop evaluation tools that will measure student skill levels and progress in curricular and communication areas. Specific skills to be examined will vary on a program by program basis, but at minimum will include communication, analytical reasoning, and problem solving. Based on the assessment of skill levels, the curriculum will be revised to enable students to more effectively achieve desired outcomes. In addition, faculty will be trained in the principles and practices of performance assessment.

The Department continues to strongly believe that the Federal Government should not be subsidizing the cost of educating foreign nationals. This practice results in substantial operational and capital expenditure costs for the American taxpayer. For example, as discussed in our request for

1991 Budget Proposal — Continued

construction, Gallaudet is asking for Federal participation in a major renovation and expansion project because University enrollments have increased to a point near full capacity. These funds might not be necessary if not for foreign students who currently comprise almost 13 percent of the total enrollment at the University. In 1989, foreign student enrollment increased by 31 percent and accounted for 65 percent of the increase in enrollments. The practice also results in the United States helping foreign governments to avoid the responsibility for educating their citizens.

The Department supports adoption of a surcharge for these students based on the charges assessed by public universities against out-of-state and foreign students. Virtually all State universities, land grant colleges, and public four-year institutions of higher education charge substantially higher fees for out-of-State and foreign students. Sixty-nine of the seventy State university and land grant colleges used as the comparison group for setting tuition levels at Gallaudet and the National Technical Institute for the Deaf charge significantly higher tuition for these students. A review of public four year colleges and universities in the 1987-88 data base of the Integrated Postsecondary Education Data System found that 429 of 443 schools reporting data, or over 96.8 percent, charged significantly higher tuition to out-of-state students. The average out-of-state undergraduate tuition charges were 135 percent more at both the land grant colleges and universities and public four-year institutions. Foreign students were charged the same tuition as out-of-state students at these schools. The relationship of these State funded schools is analogous to that of Gallaudet to the Federal Government. They receive substantial funding from their State governments while charging significantly lower tuition to State residents. Foreign students are the equivalent of out-of-state students for the State-associated institutions.

In an attempt to respond to these concerns, Gallaudet raised the surcharge from 20 percent in school year 1988-89 to 50 percent for school year 1989-90. The Department and Gallaudet plan to meet in the latter part of 1990 to assess the impact of this change and feasibility of further increases. The Department intends to continue to pursue a phase in of tuition surcharge increases until the 135 percent surcharge level is reached. The Department believes a differential pricing policy for foreign students is justified by the very high level of public subsidy involved.

Impact Data	1989	1990	1991
Annual tuition and fees:			
Tuition	$2,834	$3,084	$3,334 1/
Room	1,600	1,950	2,300 1/
Board	1,700	1,785	1,860 1/
Fees	220	220	220 1/
Total	6,354	7,039	7,728

Special Institutions for the Handicapped

3. Gallaudet University: a) Operations

Impact Data — Continued

	1989	1990	1991
Federal appropriation as a percent of total revenues.................. 2/	72%	73%	73%
Program enrollment:			
Preparatory program................	259	275	275
Undergraduates......................	1,602	1,584	1,525
Non-degree credit students......... 3/	151	113	100
Graduate students..................	379	401	350
Total........................	2,391	2,373	2,250
Foreign students....................	(286)	(301)	(250)
Model Secondary School for the Deaf:			
High school.....................	296	270	270
Postsecondary Enrichment (Preparatory) Program........	48	45	45
Total........................	344	315	315
Kendall Demonstration Elementary School............................	192	194	200
Number of persons served by Gallaudet outreach programs:			
University programs..............	50,000	50,000	50,000
Pre-college programs.............	13,659	12,010	7,000
Total........................	63,659	62,000	62,000
Pre-college outreach products......	27,030	26,000	26,000
Research:			
Sponsored research:			
Proposals........................	67	70	70
Awards............................	47	45	45
Research publications..............	106	100	100
Appropriated research budget (000s)	$2,909	$3,076	$3,187
Student support services contact hours..............................	44,888	45,000	45,000
Student/faculty ratios:			
University programs................	9.2:1	9.1:1	9:1
MSSD............................... 4/	4.4:1	4.1:1	4.3:1
KDES............................... 4/	4.4:1	4.1:1	4.3:1
Number of employees:			
Authorized Permanent positions.....	1,310	1,303	1,277
Temporary...........................	150	149	146
Grant or revenue supported.........	110	110	110

Special Institutions for the Handicapped

3. Gallaudet University: a) Operations

Impact Data — Continued

1/ A three-year tuition plan was agreed upon by Gallaudet University, the National Technical Institute for the Deaf, and the Department of Education in September 1988. The Gallaudet University Board of Trustees approved the level for school year 1990-91 adopted in this plan at their October 1989 meeting.

2/ This category includes a credit bearing sign language program which does not lead to a degree and students enrolled in credit bearing courses who have not satisfied entrance requirements.

3/ The method for calculating these ratios has been changed from that used in prior years. The student ratios for MSSD and KDES in this display represent the total enrollment divided by budgeted faculty positions. This is the same method as used for calculating the ratio for the university faculty programs. Previously, the ratios were calculated as average class size.

Special Institutions for the Handicapped

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3. Gallaudet University: b) Endowment
   (20 U.S.C. 4301 et seq.)

1991 Authorization: Indefinite

Budget Authority:

1990 Appropriation	1991 Request	Increase or Decrease
$986,000	$1,000,000	+$14,000

Purpose and Method of Operation

The Education of the Deaf Act of 1986, section 407, created the authority for an endowment matching program for Gallaudet University. The program is designed to assist in meeting future needs of the University and reduce long-term Federal funding requirements by stimulating private contributions. The Secretary makes payments to the endowment program equal to sums contributed to the fund from non-Federal sources. Matching funds may not include transfers from other endowment or restricted funds of the University.

The endowment fund corpus, which is invested in federally insured bank savings accounts and other low-risk investments, may not be withdrawn for a twenty-year period running from August 4, 1986. Gallaudet University may use up to 50 percent of the income of the fund for expenses necessary to the operation of the University such as personnel, construction and renovation, community and student services, technical assistance, and research. Federal contributions are subject to the availability of appropriations.

Accomplishments

The Department received funding for the Endowment Matching Grant program for the first time in fiscal year 1988. Gallaudet matched the entire $957,000 appropriated in 1988 and $988,000 in 1989. Gallaudet has worked to expand and improve its development program. For example, a new director for fundraising was hired in 1988, and development was elevated to the vice-presidential level in 1989.

1991 Budget Proposal

The Department is requesting $1,000,000 for the endowment matching program for Gallaudet University for 1991. The Federal matching program has created a strong incentive for potential contributors to donate funds to Gallaudet which should be continued. The Department supports the endowment program because it helps promote the financial independence of the University and gives Gallaudet a permanent and increasing source of funds for enrichment activities and special projects.

3. Gallaudet University: c) Construction
(20 U.S.C. 4301 et seq.)

1991 Authorization: Indefinite

Budget Authority:

1990 Appropriation	1991 Request	Increase or Decrease
---	$2,500,000	+$2,500,000

Purpose and Method of Operation

The purpose of the construction activity is to maintain and expand Gallaudet University facilities as necessary to support the instructional and other programs of the University. The term construction includes construction and initial equipment of new buildings, and expansion, remodeling, and alteration of existing buildings and equipment, including architect's services, but excluding off-site improvements. The Education of the Deaf Act provides that all financial transactions and accounts of the University in connection with the expenditure of appropriated funds for construction shall be settled and adjusted in the General Accounting Office.

1991 Budget Proposal

The Department is requesting $2.5 million in construction funds for Gallaudet University for 1991. This request is part of a three-year project to be funded jointly by the University and the Federal Government.

The University's request is based upon a space utilization study completed in 1989. This study found that conditions of overcrowding occurred primarily due to growth in the student population, an inappropriate distribution of space, and a configuration of space within Gallaudet buildings which does not allow the most efficient use of space. Gallaudet has conducted an audit of space assignments and redistributed space, as indicated, to help alleviate the problem. Gallaudet's use of space is similar to that of other schools, as indicated in a North Carolina study of private colleges and universities, with the exception of office space, which was much higher. This may be attributable to the high faculty/student ratio, large public service/community outreach program, and size of the in-house research staff. Reconfiguration of existing space in the older classroom buildings and the addition of new space requires special funding.

Gallaudet's priority for construction and renovation is the Hall Memorial Building (HMB). This building is the University's major classroom facility. The project would involve two steps, the first of which would be the construction of an additional 40 thousand feet of classroom and office space. The new addition would ultimately house the Research Institute. However, the space would initially be used to provide swing space for the College of Arts and Sciences during the second stage, which is the renovation of the original HMB structure. This would involve:

Special Institutions for the Handicapped

3. Gallaudet University: c) Construction

1991 Budget Proposal -- Continued

1. The complete remodeling of the building, excluding the structural components;
2. The installation of enhanced heating and ventilation equipment, electrical and communication systems; and
3. The installation of energy efficient windows.

Renovation work would be completed in three stages in order to permit the continued use of the facility for academic purposes. The completed renovation would improve the overall efficiency of the building and allow for the consolidation of the College of Arts and Sciences and Research Institute programs in one building. In addition, aging classrooms and science laboratories will be remodeled and brought up to date with changes in technology and teaching methodology. Gallaudet is currently developing an architectural and engineering design for the addition. The University plans to be ready to place a bid for a contractor by October 1990, if funds are approved.

Gallaudet proposes to share the costs of this project with the Federal Government on an equal basis. The University plans to raise funds using the Federal contribution as an incentive. This is similar in concept to the Federal funding for the Endowment Matching Grant Program. The University estimates that the total package will cost approximately $15 million. The Federal Government would provide one half of this amount over a three year period, beginning with 1991. The University would raise equal amounts through fundraising. Debt financing and reallocation of non-Federal funds might also be considered if fundraising efforts are not sufficient to reach the University's commitment. Approximately $6.6 million of the total projected cost would be associated with the addition to house the research program and $8.5 million for the renovation of the instructional facilities and faculty offices.

The University differentiates funding for this project from that needed for ongoing maintenance. The University funds normal repairs and renovations from its physical plant fund. As of September 30, 1988, the University had a balance of $4.7 million in unexpended physical plant funds. These funds are accumulated through the reallocation of excess non-Federal funds at the close of each fiscal year. The funds are used for the replacement of major equipment, act as an emergency reserve to protect against disasters, and fund deferred maintenance projects. An example of a deferred maintenance project is the chapel on the Kendall Green campus. The University is considering use of some of these funds to restore the stone facade of this building.

4. Evaluation
(20 U.S.C. 4301 et seq.)

1991 Authorization: Indefinite

Budget Authority:

1990 Appropriation	1991 Request	Increase or Decrease
---	$500,000	+$500,000

Purpose and Method of Operation

The Department of Education provides substantial funding to Gallaudet University and the National Technical Institute for the Deaf (NTID). In 1990, this amounted to $102,848,000 for operations. This amount is exclusive of funds for endowment matching grants, research contracts and grants, the Consortium, and Federal student financial aid. These sums provided approximately 75 percent of the funding for Gallaudet University operations and 83 percent of the funding for NTID operations. While funding for these schools has substantially increased in the past decade, there has been little oversight pertaining to how efficiently these funds are spent and whether the funding is accomplishing the objectives for which it was appropriated.

Currently, the Institutions are required to obtain annual audited financial statements, make annual reports to the Secretary, and submit annual budget requests. However, these documents do not provide sufficient information for the Department to fully satisfy the monitoring and evaluation mandates of the Education of the Deaf Act. These reports also do not address issues of efficiency or effectiveness, whether the programs accomplish the objectives for which they are funded, and whether the programs are appropriate for the populations they serve.

In addition, the Commission on Education of the Deaf made several recommendations related to the postsecondary education of persons who are deaf. For example, the Commission recommended that the Department of Education conduct program evaluations of Gallaudet University, NTID, and the other federally funded programs for the deaf on a 5-year cycle. Reports on these evaluations would be submitted to Congress with recommendations, including specific proposals for legislation. They recommended that evaluation teams consisting of outside experts in the field of deafness, program evaluation, education, and rehabilitation, including persons who are deaf, be used to conduct these evaluations. The Commission recommended that the Department of Education's liaison office coordinate the activities of Gallaudet University, the National Technical Institute for the Deaf, and the Regional Postsecondary Education Programs for the Deaf to ensure high quality in programming and to avoid unnecessary duplication. They further recommended that the Department review and comment on workplans related to research, demonstration and evaluation activities, technical assistance, and the development of instructional materials.

4. Evaluation

1991 Budget Proposal

The Department requests $500,000 to pursue a comprehensive evaluation of postsecondary education opportunities for persons who are deaf. This is proposed in order to fulfill the Department's responsibility for monitoring and evaluating the Federal postsecondary education institutions for the deaf.

In 1989, the Department of Education funded a small planning study to develop guidelines for a programmatic evaluation of Gallaudet University. The purpose of the study was to convene a panel of experts to assist in drafting guidelines for such a study. As recommended by the Commission on Education of the Deaf, the study used a panel of experts in deafness, higher education, and program evaluation, including persons who are deaf. The panel, consisting of nine experts in the various fields, met on May 17, 18, and 19, 1989 at the Department of Education to advise the Department on how to set the direction for the evaluation, point out problems and choices to be made, and recommend an appropriate methodology for the Department to employ in conducting the study. The panel was asked to identify priority issues, critical questions, unique characteristics of deaf persons that must be considered in such evaluations, strengths and weaknesses of various evaluation designs and research methodologies, how to distinguish this evaluation from accreditation reviews and accounting audits, and feasible and appropriate student instructional outcome measures. Recommendations were made regarding a number of evaluation areas. However, there appeared to be strong general interest in gathering more detailed baseline data on the postsecondary education experience of exiting high school students and students at all the Federal postsecondary programs for the deaf before a comprehensive programmatic evaluation is conducted.

The proposed study would build upon the results of the planning study described above. The study would gather baseline data on the deaf population that would qualify for entry into postsecondary institutions, the attendance trends of this population, factors contributing to choice of postsecondary institution, and demographic, academic, and functional data. The data generated from this study would give the Department an understanding of the market in relation to the strengths of each school. The data also would be helpful in determining the appropriate mix and level of programs that should be offered by Gallaudet, NTID, and the Regional Programs and to assess institutional and student outcomes at each school, given the unique characteristics of deafness. As recommended by the Commission, the study would use a panel of experts in deafness, higher education, and program evaluation, including persons who are deaf, to assist in conducting the study. The evaluation contract would be competitively awarded.

THURSDAY, FEBRUARY 22, 1990.

SCHOOL IMPROVEMENT PROGRAMS

WITNESSES

DANIEL F. BONNER, ACTING ASSISTANT SECRETARY FOR ELEMENTARY AND SECONDARY EDUCATION

CHRISTOPHER T. CROSS, ASSISTANT SECRETARY FOR EDUCATIONAL RESEARCH AND IMPROVEMENT

ALICIA CORO, DIRECTOR, SCHOOL IMPROVEMENT PROGRAMS, OFFICE OF ELEMENTARY AND SECONDARY EDUCATION

SALLY H. CHRISTENSEN, DIRECTOR, BUDGET SERVICE, OFFICE OF PLANNING, BUDGET AND EVALUATION

THOMAS M. CORWIN, DIRECTOR, DIVISION OF ELEMENTARY, SECONDARY, AND VOCATIONAL ANALYSIS, OFFICE OF PLANNING, BUDGET, AND EVALUATION

CAROL A. CICHOWSKI, DIRECTOR, DIVISION OF SPECIAL EDUCATION, REHABILITATION, AND RESEARCH ANALYSIS, OFFICE OF PLANNING, BUDGET, AND EVALUATION

INTRODUCTIONS

Mr. NATCHER. At this time we take up the budget request for the Department of Education and the School Improvement Program. We have before the committee, Mr. Bonner.

Mr. Bonner, before you give us your statement, tell us who you have with you there at the table, please.

Mr. BONNER. I would first like to introduce, Mr. Chairman, Mr. Christopher Cross, who is the Assistant Secretary for the Office of Educational Research and Improvement. On my right, Alicia Coro, Director of School Improvement Programs in the Office of Elementary and Secondary Education; and from the Office of Planning, Budget and Evaluation, Sally Christensen and Tom Corwin; on Chris' left, Carol Cichowski from the Division of Special Education, Rehabilitation and Research Analysis, Office of Planning, Budget and Evaluation.

Mr. NATCHER. We are delighted to have you all before the committee.

As I understand it, you are prepared to go right to answer the questions we have.

Mr. BONNER. Yes, sir.

Mr. NATCHER. Your entire statement will be placed in the record.

[The information follows:]

DEPARTMENT OF EDUCATION

Statement by

Daniel F. Bonner
Acting Assistant Secretary for
Elementary and Secondary Education

on

School Improvement Programs

Mr. Chairman and Members of the Committee:

I appreciate this opportunity to appear before you to present the fiscal year 1991 budget request for School Improvement Programs.

Programs in this account reward excellence and success, promote choice and flexibility, strengthen the quality of teaching and school administration, and support educational reform. Taken together, these programs contribute measurably to the goal of improving educational achievement -- one of the major themes of the Department's 1991 budget.

Summary of Budget Request

For School Improvement Programs, the request totals $1.7 billion, a $258 million, or 17.9 percent, increase over the 1990 level. These funds will support programs that help school districts demonstrate successful ways to reduce dropout rates, increase the quality of instruction in mathematics and science, provide school officials with tools to overcome problems associated with alcohol and drug use among students, train and reward teachers, and promote school reform.

Under our request, most programs in this account would be funded at approximately their 1990 levels, because the amounts are adequate to support continuing activities or because the programs are at their fully authorized levels. Small increases are proposed for Chapter 2 Block Grants, Arts in Education, Inexpensive Book Distribution, and Christa McAuliffe Fellowships, to continue current services under these important programs, and for the Leadership in Educational Administration program, to complete the mandated sixth and final year of funding for all grantees. For six programs, the budget includes reduced or no funding, because these programs have met their objectives or support activities that can be supported under other authorities.

Finally, the budget includes first-time funding or sizeable increases for several high priority programs. These are:

- o Controlled demonstrations in dropout prevention;
- o Drug-Free Schools and Communities;
- o Eisenhower Mathematics and Science Education;

- Magnet Schools of Excellence;
- Alternative Certification of Teachers and Principals; and
- Presidential Awards for Excellence in Education.

I would like now to describe briefly our proposals for these six priority programs.

Dropout Prevention Demonstrations

The Department's budget includes $50 million for an initiative in dropout prevention. Of that amount, $45 million is requested under this account to conduct a controlled demonstration program to test and evaluate promising strategies in dropout prevention and recovery. To complement this demonstration effort, an additional $5 million is requested under the Research, Statistics, and Improvement of Practice account for research and development activities designed to provide useful information about how to improve the academic performance of secondary school students and reduce the number of dropouts.

The $45 million demonstration program will employ a two-pronged approach. At least half the funds will be reserved for specified, comprehensive dropout prevention and recovery models. The models will be based on the latest research, developed in consultation with an independent panel of experts, and published in the Federal Register as proposed funding priorities. The remainder will support locally developed, but also research-based, dropout prevention and recovery projects. These projects will be required to address the published priorities, but grantees will be given the flexibility to adapt them to address the specific needs of their target population.

Drug-Free Schools and Communities

The illegal use of alcohol and other drugs in many of our communities constitutes a serious impediment to learning among young people and is a major cause of violence in our Nation's schools. For 1991, the Department is requesting $593.3 million for Drug-Free Schools and Communities, a 10 percent increase over 1990. These funds are used for grants to States for drug prevention education in schools and communities and to institutions of higher education for programs on campus. They are also used to train school personnel in the implementation of drug prevention education techniques and for numerous other activities to help young people understand why they must reject drugs.

While the scourge of drugs is found in neighborhoods throughout the country, the problem can be particularly acute in certain areas. We are very pleased that President Bush's proposal for an Emergency Grants program was authorized by the Congress as part of the recent amendments to the Drug-Free Schools and Communities Act. In 1990, we will distribute $24.7 million among the Nation's Governors for Emergency

Grants to a limited number of the most seriously affected school systems to develop and test comprehensive approaches for achieving a solution to their drug problems. For 1991, we are requesting $25 million -- the fully authorized amount -- to conduct this activity as a national discretionary program, as specificed in the authorizing statute.

Eisenhower Mathematics and Science Education

The budget includes $230 million, a 70 percent increase, for the Eisenhower Mathematics and Science Education program. Improvement of mathematics and science education is one of the Administration's highest priorities for education. Secretary Cavazos has repeatedly spoken out on the need to raise educational achievement levels in mathematics and science and to open up opportunities in those fields to women and minorities. This program supports formula grants to States and national discretionary grants to a variety of recipients to upgrade the level of instruction in mathematics and science, areas in which improved performance is critical for keeping America competitive in an increasingly technological world.

Magnet Schools of Excellence

The budget contains $100 million -- double the amount contingently appropriated in 1990 -- for Magnet Schools of Excellence, a program proposed by President Bush in the Educational Excellence Act. Under this program, the Department would award funds on a competitive basis to school districts for magnet schools, without regard to the presence of desegregation plans. The Department currently supports magnet schools as an aid to desegregation. We believe this approach should be available to all school districts as a means of achieving educational improvement goals as well. Magnet schools increase parental choice, expand opportunities for children, and ultimately improve the quality of all schools in a district.

Alternative Certification of Teachers and Principals

The budget includes $25 million for the Alternative Certification of Teachers and Principals program. Under this new program, which is included in the Educational Excellence Act, the Department would award one-time grants to States to help them develop and implement systems to allow recruitment of teachers and principals from among the large pool of talented professionals who have demonstrated subject area competence and leadership qualities in fields outside education.

Presidential Awards for Excellence in Education

President Bush believes that improvement in the schools depends most heavily on teachers, and that excellent teachers deserve tangible recognition on a national level. In support of this principle, the budget contains $7.6 million for Presidential Awards for Excellence in Education -- a program that is also included in the Educational Excellence Act. Under this program, awards of up to $5,000 would be given to teachers in every State who meet the highest standards of excellence. The number of teachers receiving awards in each State would vary with the size of the State.

Mr. Chairman, this concludes my prepared remarks. My colleagues and I will be happy to respond to any questions you may have.

DEPARTMENT OF EDUCATION

Office of Elementary and Secondary Education

Biographical Sketch

NAME : Daniel F. Bonner

POSITION : Acting Assistant Secretary for Elementary and Secondary Education

BIRTHPLACE AND DATE : Bronx, New York, August 10, 1937

EDUCATION : Fordham University, B.A.
New York University, M.A.

EXPERIENCE

Present : Acting Assistant Secretary for Elementary and Secondary Education, Department of Education
1988 - 1989 : Acting Deputy Assistant Secretary for Elementary and Secondary Education
1988 : Acting Director, State and Local Educational Programs, Office of Elementary and Secondary Education
1983 - 1988 : Associate Director, Domestic Anti-Poverty Operations, ACTION Agency
1983 : Director, Volunteers in Service to America (VISTA), ACTION
1982 : Special Assistant, Office of Volunteer Liaison, ACTION Agency; Director, ACTION/White House Regional Conferences on Voluntarism
1981 : Associate, Ethics and Public Policy Center, Washington, D.C.
1981 : Associate, Law and Economic Center, Emory University, Atlanta, Ga.
1973 - 1980 : Philanthropic Activities Associate, Education and Health Programs, Chase Manhattan Bank, New York, N.Y.
1970 - 1973 : Management Development Programs, Chase Manhattan Bank, New York, N.Y.
1960 - 1969 : Classified Advertising Specialist, New York Times, New York, N.Y.
1959 - 1960 : Bookkeeper, Loans and Discounts, Irving Trust Co., New York, N.Y.
1957 - 1959 : Company Clerk, U.S. Army, France, USAREUR
1955 - 1957 : Bookkeeper, Loans and Discounts, Irving Trust Co., New York, N.Y.

CATEGORICAL GRANTS

Mr. **Natcher**. Mr. Bonner, the President's budget proposes a $308,000,000, 22 percent increase for the school improvement account. This includes a $94,000,000 increase for math and science, a $54,000,000 increase for drug-free schools, $45,000,000 for dropout prevention, and $133,000,000 for new programs.

As you know, in the past the Department has favored a policy of putting funds into broadly based programs, such as Chapter 1 and Chapter 2. The 1991 school improvement budget seems to shift to a strategy of expanding narrow categorical grants which are focused on a specific problem, such as math and science or dropouts.

Mr. Bonner, is this the road we should be traveling? How do you feel about it?

Mr. **Bonner**. The road we are traveling now, Mr. Chairman, is consistent with our educational outlook. We are committed to programs like Chapter 1 and Chapter 2 because they allow some flexibility. We feel that to meet the emerging needs of the time, we should be committed to looking at some categories of special assistance as well.

Ms. **Christensen**. Mr. Chairman, I just was going to add that there has been a proliferation of categorical programs over the past ten years or so since we streamlined under the block grant—from about 120 to about 210 programs. And we are concerned about this in a number of areas.

The Administration has not generally supported the authorization of categorical programs, and we have traditionally not proposed appropriating funds for them.

This budget, in fact, does propose eliminating some of them. We would look at that again, though, when we get into the reauthorization over the next couple of years.

PROGRAMS THAT ARE NOT AUTHORIZED

Mr. **Natcher**. As I understand now, the new programs and the dropout program are not currently authorized, isn't that correct?

Ms. **Coro**. That's correct.

Mr. **Corwin**. However, the reauthorization of dropouts has passed both houses of the Congress, and we are expecting it to become law very shortly.

EISENHOWER MATH AND SCIENCE PROGRAM

Mr. **Natcher**. How long has the Eisenhower Math and Science Program been funded and how much money has been invested in these grants?

Can you give us any figures along that line?

Mr. **Bonner**. The total funding is $615,000,000 since 1985. In 1988, under the Hawkins-Stafford amendments, it was renamed the Dwight D. Eisenhower Mathematics and Science Education Program.

Mr. **Natcher**. Your statement, as you know, talks about measurable results. Have we seen any measurable results from our investment in these math and science grants?

Ms. CORO. This is primarily a teacher training program, and there are many activities that are conducted at the State and local levels. It is a very popular program.

The States like it because it is very flexible. They can design the training activities to meet the particular needs of the localities, so there are many activities going on all the time. One thing that happens with the Eisenhower program is that sometimes it doesn't get its due credit. I have an example here of a program that was sponsored by the Tucson school district and the National Science Foundation.

There is no mention of the Eisenhower Program. This happens all over the country. We are trying to work with the State coordinators to make sure, when Federal funds support any of these local programs, that they mention the fact that teachers are participating in this training because of the Eisenhower Program. There are many activities that are not being considered in terms of the effectiveness, but we believe that the program is very effective in meeting the needs of the particular areas.

The States have to include an assessment of need in their applications. They are very thorough in determining what kinds of programs they need, primarily for in-service training.

Mr. NATCHER. What standards should our committee use in judging the effectiveness of the investment in the Eisenhower Program? Are test scores the bottom line?

Ms. CORO. No. It is difficult to judge the effectiveness of this program by student achievement test scores because we are training teachers. It would be difficult to assess what effect this training had on the school children that they are working with.

We believe that the evaluation study will tell us more when it is completed in the fall of 1990. We will have more information then.

Mr. NATCHER. Now, if test scores are not to be considered the bottom line, what system should we use now?

As far as our committee is concerned, what should we use?

Ms. CORO. Well, I think we should look at the population that we are serving through this program, which is primarily teachers, and what the States can do to evaluate results, but I think we will get some data through our evaluation which is currently under way. This study will be completed in the fall of 1990, and will address the effectiveness of the program.

Mr. BONNER. I would also add that the math and science program is intended to aid students and to help improve their competency in math and science. We could certainly look to an increased number of students in the future taking up studies more seriously in that field.

Mr. CORWIN. We also hear from the States that there are a good number of teachers, in science in particular, who are not certified, who are not fully qualified in the areas in which they are teaching. We would hope that the States are using our funds to bring more of these teachers up to full certification in their fields and that over time we could find data to show that that is being accomplished.

Mr. NATCHER. We understand that your evaluation of the math and science program will not be completed until next fall.

Shouldn't we wait until we get these results before we approve a 70 percent increase for the Eisenhower Program?

Mr. **Bonner**. That is the increase, sir. I do believe that in the current context, which we are all aware of, and in light of the heightened concern drawn to this issue by the President and the Governors at the Summit and in the aftermath, we have to give heightened attention to the issue here and now.

Mr. **Corwin**. After the Summit, the governors and the President came up with their goals, and a few of them are directly related to the math and science area. One is that the U.S., by the year 2000, will rank first in the international competitions in these areas. Another one that all students attain a reasonable level of proficiency in content areas.

If we are to achieve these goals, I think we need to get started here with the 1991 budget.

Mr. **Bonner**. Not only that, sir, I think it is important to underscore that part of the Dwight D. Eisenhower Mathematics and Science Education program deals with trying to identify underserved minorities and women, to give them better opportunities in these fields.

OVERALL BUDGET FOR EDUCATION

Mr. **Natcher**. As you know, on this subcommittee we are very much concerned about all of the education programs, more so this year than last year, and the reason why I say that partly is due to the fact that every once in a while we go back and find out how much has been expended in the last nine years on defense and education and all these other programs, and when my friend Louis Stokes sits here on my left and I find out that in Defense for the last nine years there is $2,300 million in defense, $199 billion in education, that causes us to stop and wonder just a little bit.

We believe on this subcommittee that when you take care of the health of your people and educate your children you are living in the strongest country in the world. Here we have a request now before the committee for $24,661,000,000, a total for education for 1991.

The current fiscal year budget is $24,073,000,000 for education for 1990. If I had my way and Louis Stokes had his way and the other members on this subcommittee, it would be $40,000,000,000 today. They speak of a peace budget. I guess the word we should be using now is caution.

If we heard a year ago that six satellite countries of the Soviet Union would have freedom, that 13 of 16 independent countries that make up the Soviet Union are in the position they are in, no one would have believed it. They wouldn't have believed it. But this is the time more than at any time in the last 20 years when more money should be placed in this bill for education.

We are concerned about all these programs. Mr. Conte and all of us, we are very much concerned about them. We are concerned about the overall figure in education. It should be considerably more than is in this bill.

We want to make the President, President Bush the education president. We are going to send him a good bill. We hope he is the education president.

Go right ahead. Do you want to answer that argument?

Ms. **Christensen**. Mr. Chairman, I assure you the Administration is just as committed to education as you are. We appreciate all you have done for our bill over the years. I would just like to make a couple of points, though, and one is that in total the Nation is spending $353,000,000,000 in the current school year on education. As opposed to defense, where the total amount for defense is spent at the Federal level, the Federal expenditures for education are only 6 percent.

But more important than that, I think, is the fact that over the years the amount for education has totaled more and has grown much more dramatically than the amounts for defense. In fact, right now if you compare education and defense as a percent of GNP, education is 6.4 percent, and our expenditures for defense are only 5.3 percent.

So I think it is important to take that into account, the Federal role in defense versus the Federal role in education.

Mr. **Natcher**. Yes, we don't deny those figures, but keep in mind this: Of the total budget that is presented to the Congress for fiscal year 1991, $1,230,000,000,000, about 26 percent of that is for defense.

I don't know of anyone in this country that wants to impair the security of our country, but I know of thousands of people who want to educate our children, and they are concerned about the health of our people. So when you take that budget now and you cut the pie and you square it out of there, it is about 26 percent comes out.

This is the year that we ought to put more money in this bill for education. Now, you agree with that, don't you? Don't you agree now, either on the record or off the record, don't you agree we ought to put more money there for education this year? You know, the Secretary came in here the other day, and he is a fine man. I said to him, "Mr. Secretary, is your budget sufficient?" He says, "Absolutely. Certainly it is." "What did you ask for OMB?" Well, he dropped his head and kind of smiled. He said, "We asked for about $1,600,000,000 more, but we didn't get it."

We are talking in terms of $2,000,000,000 more just to start with. You were here.

Ms. **Christensen**. But that was assuming a higher base for 1990 at the same time.

Mr. **Natcher**. You all help us now. We will bring out a bill you like. You may not be able to talk about it too much. Mr. Conte, I yield to you.

SCHOOL IMPROVEMENT PROGRAMS ACCOUNT STRUCTURE

Mr. **Conte**. Thank you, Mr. Chairman. A number of programs funded under the School Improvement account are administered in the Office of Educational Research and Improvement, for instance the Fund for Innovation in Education.

Mr. Cross, that is the reason for you being here, right?

Mr. **Cross**. That's correct.

Mr. **Conte**. Can you name for us exactly which school improvement programs are administered by OERI?

Mr. Cross. Which ones in this account? We have the Blue Ribbon Schools Program, which is funded through our Programs for Improvement of Practice unit, the Alternative Certification Program, for which there is a request this year. We administer part of the Drug-Free Schools program, that part that relates to national activities such as the recognition of drug-free schools.

The FIRST Program, the Fund for Innovation in Education, the Javits Gifted and Talented Program, and the LEAD Program, which is a program for school administrators. We also administer the national part of the Eisenhower Math-Science Program, the National Diffusion Network, a new program which was authorized by the Trade Bill to encourage education partnerships between school districts, businesses, and the community, the Star Schools Program, Territorial Teacher Training, and the publishing activities of the Women's Educational Equity Act. These programs are all administered by OERI.

Mr. Conte. Is there any reason why these programs are not proposing funding under OERI?

Mr. Cross. If you are asking which ones are not, we are not asking for funding for Star Schools.

Mr. Conte. Why aren't they funded under OERI?

Mr. Cross. Oh, I see what your point is.

Ms. Cichowski. I think your question is why the funds for these programs aren't requested under the Research, Statistics and Improvement of Practice account?

Mr. Conte. Right.

Ms. Cichowski. I think it is just a matter of history. Congress has historically appropriated funds for these programs under the School Improvement Programs account. We have looked at options for improving the account structure here and would be happy to discuss with the committee a better way of presenting these programs.

This is an awkward way to present the budget with two Assistant Secretaries involved in administering the programs.

Mr. Conte. Technically, shouldn't these programs be listed as a comparative transfer to OERI?

Ms. Cichowski. No, the funds are appropriated under School Improvement, and it is appropriate for us to present the request this way. What we could do is revise the account structure to present the budget in a way that would be more consistent with the way the programs are administered by the Department. As I said, we would welcome a change here because this account is, I think, much too big, and it is awkward to have a hearing with two Assistant Secretaries and all their accompanying witnesses.

One of the difficulties with changing the account structure is that a couple of the OERI programs have very close ties to programs administered by OESE. For example, in the Eisenhower Math and Science Program, OESE administers the State grant portion and OERI administers the set-aside portion for discretionary grants.

The same is true of the national programs under Chapter 2. OERI administers two of the small national programs for which funds are set aside under the Chapter 2 block grant. The Chapter 2 block grant, of course, is administered by OESE. Were we to split the account in accordance with our administration of the programs, we would be separating set-asides from the larger programs.

Ms. **Christensen.** Mr. Conte, we did propose an account restructuring to OMB this year. Because of the timing, though, there was not enough time to put the budget together and work that out with them. We plan on going back to them next fall and doing precisely what you are suggesting.

I think if the committee could do it in advance, that would even be more helpful, because it does cause problems not only in putting the budget together, but in presenting it to you, and it also causes problems in administering the programs within the Department.

Mr. **Conte.** Could you, Sally, submit some bill language that allows us to do that?

Ms. **Christensen.** We will be happy to.

Mr. **Conte.** Help us out there. Thank you.

SLOW LEARNER INITIATIVE

Dr. Bonner, with respect to the slow learner initiatives, it is my understanding that under the Fund for Innovation in Education, we assigned you more tasks than we gave you money to carry out, but you will commit to spending at least $2,500,000 or so to the slow learner initiative; is that right?

Mr. **Bonner.** The Fund for Innovation in Education is OERI's.

Mr. **Cross.** That is correct, Mr. Conte, we will make the commitment. We have the plans underway.

Mr. **Conte.** You are committed?

Mr. **Cross.** Yes, we are.

Mr. **Conte.** Can you tell us how you plan to spend those funds?

Mr. **Cross.** We will have an open competition. We are in the process of having those grant announcements with the priorities cleared now, and the announcement will be out shortly. We are using funds from the Innovation in Education part of FIE in order to do this; these amount to $2.4 million.

Mr. **Conte.** You said competition. Is it absolute that you are going to have compete these funds?

Mr. **Cross.** Will we have competition? Yes, we will. We will have invitational priorities within the grants announcement in this area, and we expect to have grants in the range of $200,000 to $400,000.

Mr. **Conte.** Invitational priorities?

Mr. **Cross.** Right.

Mr. **Conte.** What is that?

Mr. **Cross.** Invitational priorities are those that we want the field to respond to, but that they are not legally obliged to respond to. We cannot establish binding or absolute priorities without taking about a year to go through the rulemaking process. By the time we could finish the clearance process for this competition, we wouldn't have the time to make awards this year. This is the reason we decided to use invitational priorities. Our past experience has been that virtually always the people from the field respond to the invitational priorities because they understand that the priorities specify the types of activities we want to fund.

Mr. CONTE. I just want to spend a minute telling you how I view the program. I think that there are many students who don't achieve to their full potential in the classroom because they don't get that extra one-on-one attention that might be all they need to blossom and excel.

They are not reached by Chapter 1 or PL 94-142. In the worst case they are passed along from grade to grade. That happens too often. They end up finishing school without the skills they need to succeed in life.

I believe they may be the most important unaddressed group of kids in the public school system. Do you agree with that, Mr. Cross?

Mr. CROSS. I believe that you are correct in this. I think there is an enormous problem out there with these children who fall between the cracks.

They don't qualify for the gifted programs where they exist, they do not qualify for Chapter 1 or special education, and there are a mass of individuals to which proper attention is not given. Furthermore, as we have seen schools grow and impersonalization set in, it is all too easy for them to lose identity and to just be passed along by number or as part of a group. I think schools need to do much more.

You may be familiar with the work of Ted Sizer of the Coalition for Essential Schools, out of Brown University. Part of what he is doing in trying to capture a school-within-a-school climate and be sure that that sort of isolation doesn't happen, to be certain that students have identities, that there is a community of interest between the teachers and the students, and that you can't just ignore the fact that these are students who are not being tended to.

Mr. CONTE. Last year I asked the Secretary of Education if maybe we should have a demonstration project on underachievers. I am really concerned about underachieving students. You can't believe the mothers who come in to see me. They are really frustrated. They know their child has the ability but is not getting the special attention he/she needs to succeed in school.

DISTRIBUTION OF DRUG-FREE SCHOOLS FUNDS

My local district educators come in and they want to know how the Drug-Free Schools Program works. They don't think the local school districts are benefiting from that program.

Can you explain to me, anyone here, how the distribution formula under Drug-Free Schools works, and on the average how much a school district can expect to get either on the 1989 level of $287,000,000 or the 1990 level of $462,000,000?

Is part of the problem that the States may take their time distributing the funds to the local governments?

Mr. BONNER. The process has been working pretty well. There were some initial difficulties, but the process has been working well. The money has gotten from the States to the local education agencies and to the schools in pretty good order, certainly in good order for 1987 and for 1988-1989, as we have reviewed the information.

There should be no undue complication that would prevent the local education agencies from making a complete application to the State for the funds along the lines required in the statute. Therefore, the difficulty that the local school may be encountering may be one that requires some technical assistance, and the State Department of Education should help to provide some of that. We can also be of assistance.

We feel that there is no impediment to a timely use of the funds. The States get their funds on time and then they allocate funds to the LEAs. Now, you asked about the amount of funding to the LEAs. On average, funding for 1990 is $6.95 per pupil.

Mr. CONTE. For the year?

Mr. BONNER. Yes, for the year.

Mr. CORWIN. I could follow up a little bit.

The formula that we use to get the money from the Federal level to the States has been complicated a bit as a result of the amendments that passed late last year, but most of the money goes out on the basis of school-age population, and a small portion on the basis of allocations under Chapter 1.

At the State level, roughly 30 percent is held by the governor for statewide programs, particularly those focusing on what are called in the statute "high-risk youth;" roughly 70 percent goes to the State education agency and then is passed along by formula to the school districts.

Again, it is a little bit complicated, but the bulk of the funding goes out on an enrollment basis, the remainder on the basis of Chapter 1 shares.

Mr. CONTE. Excuse me. Let me interrupt you there. By a formula basis, you say? Don't they have to make application?

Mr. CORWIN. They do have to submit an application and provide the State education agency with an annual report, but it is automatic once they get the application in. We did some rough estimations of how much local school districts get across the country. In your own district, and these are estimates for the current year, 1991-1990, Pittsfield would be getting about $108,000. Of course the smaller school districts in your congressional district would get less—North Adams, about $60,000, the Lee Public Schools, about $9,000.

Mr. CONTE. I suppose the Governor would announce those amounts.

Mr. CORWIN. The State education agency. They are formula grants within the State.

Mr. CONTE. Thank you, Mr. Chairman.

Ms. CORO. I would like to make one more point about the money going to the local school districts. Because of the amendments of 1989, the local schools have 120 days to submit an application once they know how much money they are getting. In other words, the State has 120 days to get the money out. Once they get their monies, around July first, they are limited to 120 days to get the money to the local school districts. This requirement could make the money available sooner than it had been in the past.

Mr. CONTE. Wouldn't it have been better, Tom, if we had sent the money to the local districts directly from the Federal Government rather than going through another layer of government?

Mr. CORWIN. The problem is it is hard in our Department, with our limited staff, to handle applications from 15,000 to 16,000 school districts. Ms. Coro would need many more staff then she has. To use the State as an intermediary, I think, is usually more efficient.

They are closer to the locals, and can give them the help that they need.

Ms. CORO. They have more focused technical assistance.

Mr. NATCHER. Mr. Stokes, I yield to you.

DROPOUT PREVENTION DEMONSTRATIONS

Mr. STOKES. Mr. Bonner, you are proposing in the budget, a new dropout prevention demonstration type of program for fiscal year 1991. Last year the Department proposed eliminating the same type of a program in the budget. Can you tell us how this new program is going to be any different from the one that was proposed in the budget last year that you proposed eliminating?

Mr. BONNER. I would like to invite my colleague to answer.

Mr. STOKES. Certainly, Ms. Coro.

Ms. CORO. The program that was funded in 1988-1989 was a two-year demonstration program, so there was no authorization to fund the program in fiscal 1990. We did not ask for funds for fiscal 1990.

However, as Tom Corwin said earlier, the two Houses have passed a reauthorization bill. We would hope to have the reauthorization to administer this program for fiscal 1991, and we are proposing $45,000,000 to run these two-prong approaches on dropout demonstrations. We are also asking for $5 million for research.

Mr. BONNER. We are attempting to develop more comprehensive and more carefully tailored strategies to elicit better information about the causalities of dropouts. We feel the structure of the $45,000,000 plus the $5,000,000 for research will help us to do that.

Ms. CHRISTENSEN. If I could just add a little bit, Mr. Stokes. We will build on those projects that were conducted during the last two years, but the new projects will be more carefully structured.

Between that and what we learned over the last two years, we think we will come up with a really very good combination of models that we will be able to disseminate around the country for local school districts to pick up and replicate. It is one of the most effective ways that we can use the Federal dollars, we feel, to make a real impact on the money that is being spent already out there.

Mr. STOKES. Well, I support the initiative. I just wanted to get some feel for what you were proposing to do in that area.

MAGNET SCHOOLS OF EXCELLENCE

Now, the President's budget proposes $100,000,000 for the Magnet Schools of Excellence initiative. In your justifications you described this program as one that also supports the establishment and expansion or enhancement of magnet schools without regard to the presence of desegregation plans.

You expect this program would increase parental choice, expand opportunities for children, and also would improve the quality of all schools in the district. What criteria do you plan to use to select the awards?

Mr. BONNER. We have a fairly well-developed approach to identifying, through the grant process, school districts that will implement effective educational programs. When students enroll in these schools, they know they are going to be subjected to rigorous programs.

Do you want to add to that?

Ms. CORO. Yes. Well, it is important to look at the quality of the proposal. We always do that in terms of how they propose to implement their project. The purpose of the program is to attract students from varied backgrounds—racial, ethnic, socioeconomic, and so forth—though it would be the innovativeness of the proposal and how they would implement the magnet school approach that we would evaluate.

Participation can be throughout the school district or in selected areas. We believe that the magnet school concept is very well-liked, that the communities like it very much. And the President and the Secretary would like to extend this concept.

We get a lot of questions from school districts that are not under court-ordered desegregation plans about how to apply for magnet school funds. Yet many of them are not eligible. The President's proposals would provide the opportunity for these school districts to participate in this innovative approach.

Mr. BONNER. We are certain there would be inner-city school districts applying.

Mr. STOKES. That is one of my concerns. That is, how would schools in poor school districts actually compete?

Mr. BONNER. A poor district with a well-developed plan will be able to stand on the same footing as any other district.

Mr. CORWIN. I think in the current program the great majority of the grant recipients are center-city districts. There is no matching requirement. They don't have to put up money up front. We do like to see them provide in their plan for some mechanism so that they will take the program over after the Federal money runs out, so it is not just a temporary magnet school program. But I think in this new program, as well, Magnet Schools of Excellence, we would see poor districts submitting applications.

Mr. STOKES. Okay. Now, the amount requested for 1991, $100,000,000, expect to support 50 awards, that is 25 new and 25 continuation awards. This means the average award would be about $2,000,000. Can you tell us why the Department has chosen this strategy of making only a few very large awards? Wouldn't it be better to spread the money around under this type of concept?

Mr. CORWIN. In our current Magnet Schools Program, the maximum award is $4,000,000, and that is by statute. We found that the average is about $2,000,000, and have made a projection that that would likely be the case for this new program. Depending on the size of the district and what they want to do, you can have a large variety of grant sizes.

Four million dollars funds a number of magnet schools across a district, but we have had some that are only a couple hundred thousand and they are effectively doing one elementary school or one middle school.

Ms. CORO. This program also allows for hiring teachers. In other words, the supplement, not supplant requirement doesn't apply with this program. The school districts have more freedom, more flexibility to do very innovative programs, and we believe that they do.

For example, when you set up an arts in education program, it is quite expensive if you think of all the things that go with arts in education. If you have music, for example, you have to buy the instruments. You have to bring in the experts, the musicians and so forth. So these are expensive programs.

BLUE RIBBON SCHOOLS

Mr. STOKES. Let me ask you this: The Department recently sent a reprogramming request of $379,000 that would have increased funding for Blue Ribbon Schools and taken it out of other national programs such as National Diffusion Network, Law Related Education, and Inexpensive Book Distribution.

The Committee turned down this request. Additional funds would have been used to increase the number of reviewers. Is that correct?

Mr. CROSS. That's correct.

Mr. STOKES. Tell us why the Department felt that additional reviewers were needed.

Mr. CROSS. We are currently operating on a budget of $494,000, which was the amount in the bill for this year. At that level of funding we can only afford a single reviewer at each school, and we felt that that was inadequate because with the single reviewer basically we have to have an administrative person alone do the review.

Where we have two people, the second person might be a specialist. If we are emphasizing things like geography or the arts, the second person can be a specialist in that area and help bring some depth to that review. At the level of $494,000, we are going to have to revert to having a single reviewer in each of the schools.

Mr. STOKES. Does the fiscal year 1991 budget request funds to support the additional reviewers?

Mr. CROSS. Yes, it does.

Mr. STOKES. Okay. Thank you very much. Thank you, Mr. Chairman.

EISENHOWER MATH AND SCIENCE PROGRAM

Mr. NATCHER. What is the average size of an individual school district's grant under the current math-science program and how are these funds typically used?

Ms. CORO. The average grant, I think, is about $5,000. The funds are used for a variety of teacher training activities, either pre-service, in-service, or retraining of teachers. Small school districts can enter into consortia to develop a program. These funds are readily available and are flexible to use. The funds are available on a formula basis from the State, as opposed to programs that might take more time to plan and to design.

Also, the funds support programs for grades K through 12 and for higher education. I visited a program in Dade County, for example, just about three weeks ago, where they had classroom elementary school teachers in the early grades working with the Museum of Science. The Miami Museum of Science had set up a two-day workshop. I sat down with them for an hour. They were teaching the teachers how to teach the little ones and how to get them interested in science, because that is part of the problem. Unfortunately, some of the curriculum in our schools—and I am speaking in very general terms—do not devote enough time for science in the early grades, so you begin to lose the interest of the kids at an early age.

INTERAGENCY COORDINATION OF MATH AND SCIENCE ACTIVITIES

Mr. NATCHER. We have been told that NASA, the National Science Foundation, and the Department of Energy all have programs to improve math and science skills. How do you divide up responsibilities in this area?

Mr. CROSS. Mr. Chairman, one of the things I think that has to be kept in mind here is that the programs of those other agencies you mentioned, NASA, the Energy Department, and others are all related to the mission of those agencies. For example, at NIH, where you have the picture over here on the wall, the NIH Science Program is aimed at activities directed to improving the lot of people, for example, in the biological sciences.

It is not aimed at general improvement of math and science education across the board. NASA, obviously, is aimed at promoting the space program in various ways. The Energy Department is doing a good job in using the national laboratories, which the Energy Department owns. The Energy Department has more scientists on their rolls probably than any other place in the Government, but all they can do is use those facilities as NIH does to bring in people for things like part-time work, summer programs, some mentoring and the like.

They aren't attacking the problem of the curriculum. They aren't attacking teacher training in general, and they are not looking across the board with respect to the whole education agenda. They are looking at a specific niche of the problem.

Mr. NATCHER. When will the committee receive the report on coordination of your math and science activities with those in the National Science Foundation and in the other federal agencies? As you know, this report is overdue.

Mr. CROSS. That report has been finished. It is in clearance now within the Department. You should be receiving it within a matter of days. The President's science advisor, Mr. Bromley, is also in the process of submitting a report which is due next Thursday to the HUD and Independent Agencies Committee on coordination with respect to the Department and the National Science Foundation. So you will be seeing at least two reports dealing with this area within the next week or so.

Mr. NATCHER. You will insert in the record at this point a consolidated table showing math, science spending at each of the agencies for 1989, 1990, and 1991 and also, if you will, please, include a short description of each agency's program, just a short description there.

[The information follows:]

SCIENCE AND MATHEMATICS EDUCATION FUNDING
(In thousands of dollars)

	1989	1990	1991
Department of Education	$175,811	$179,827	$292,416
National Science Foundation	302,000	357,000	463,000
National Aeronautics and Space Administration	28,000	42,000	51,000
Department of Energy	5,950	17,000	25,000
National Institutes of Health	257,000	287,000	292,000
Total	768,761	882,827	1,123,416

National Science Foundation programs provide support for elementary and secondary, undergraduate, and graduate and professional education and human resource development programs. For 1991, while NSF's request shows increases at all levels, the largest are for undergraduate programs. NSF's investment in K-12 programs represents about 36 percent of its total request for education and human resources, which in turn is about 20 percent of NSF's total request for 1991.

Research career development funds support graduate research fellowships to some of the most promising graduate students in science and engineering, and provide enrichment activities for talented high school students.

Funds for materials development, research, and informal science education support the development of instructional materials for both students and teachers in elementary and secondary schools, and the development of informal science education programs using the media (including broadcast educational television shows), museums, and other out-of-school organizations.

Teacher preparation and enhancement programs focus on upgrading the quality of faculty and the teaching of science and mathematics. Funds support pre-professional programs, continuing education, and professional development of teachers, and Presidential Awards for Excellence in Science and Mathematics teaching. Funds are also used for the development of resource centers at institutions with significant minority enrollment, and other model programs for women, minorities, and the handicapped.

Studies and program assessments funds support studies and analyses to provide a systematic and current understanding of the condition of science and mathematics instruction in the United States.

The undergraduate science, mathematics, and engineering program including instrumentation, curriculum development, faculty revitalization, comprehensive regional centers for minorities, and research experiences for undergraduates in both 2- and 4-year colleges and universities.

National Aeronautics and Space Administration activities involve over 1.8 million students and teachers, and include "Spacemobile" presentations to elementary and secondary schools, workshops for teachers, teacher internships at NASA research centers around the country, grants for undergraduate and graduate research, and special efforts to ensure minority participation in science and engineering education.

Department of Energy funds support research fellowships for over 6,000 graduate and undergraduate students, as well as high school and university faculty. The fellowships provide research support for these individuals at DOE laboratories or at other locations. Activities at six of the national laboratories, designated as Laboratory Science Education Centers, include a variety of national, regional, and local science education programs for high school students and teachers, in addition to undergraduate and graduate students. The increase proposed for 1991 would enable DOE to implement a new program, with assistance from the private sector, to train high school faculty at DOE's national laboatories in state-of-the-art science, which the teachers can then bring back to their students.

The National Institutes of Health research training grant program supports almost 12,000 graduate trainees in research laboratories throughout the nation. Training grants are provided to institutions and are in addition to the many thousands of graduate and post-graduate students supported through research grants to faculty researchers.

The following table provides a detailed listing of Department of Education programs in science and mathematics education.

DEPARTMENT OF EDUCATION
SCIENCE AND MATHEMATICS PROGRAMS

(In thousands of dollars)

	1989	1990	1991
Chapter 1 Basic and Concentration Grants	1/	1/	1/
School Improvement Programs: Eisenhower Mathematics and Science Education State Grants	$128,440	$126,837	$220,800
Research and Development Center in Mathematics	500	---	700
Research and Development Center in Science	500	500	800
Star Schools	8,100	8,100	---
Eisenhower Mathematics and Science Education National Programs	8,892	8,781	9,200
Fund for the Improvement of Postsecondary Education -- Comprehensive Program	2,900	2,900	2,900
Minority Science Improvement	5,307	5,416	5,633
Special Programs for the Disadvantaged: TRIO -- Upward Bound	---	3,000	12,500
National Science Scholars	---	---	5,000
Patricia Roberts Harris Graduate Fellowships	8,328	8,500	9,400
Graduate Assistance in Areas of National Need	12,844	15,793	25,483
Total	175,811	179,827	292,416

1/ The total 1990 appropriation was $4,593,258,000. Approximately 47 percent of students served by Chapter 1 receive remedial assistance in mathematics, sometimes combined with reading. Therefore, a specific estimate of math and science expenditures is not available.

HIGH SCHOOL COMPLETION RATE

Mr. **Natcher**. What is the current high school completion rate in this country if you count returning students and equivalency diplomas?

Mr. **Cross**. Mr. Chairman, one of the issues with dropouts is there are so many different ways to define "dropout". If you define it as the number of 19-year-olds who have received a high school diploma, we are talking about roughly 72, 72.5 percent. If you move to the age cohort of 25 to 29 and ask how many of those have either received a high school diploma or an equivalency thereof, then you move up to about 86 percent. What happens is that about half of those who do not receive a high school diploma in the normal course of things, through 12 grades and by means of the regular pattern, do come back and receive a high school diploma or an equivalency at some later point.

Mr. **Natcher**. As you know, the President has just set a goal of 90 percent high school completion rate. How will this be measured and how far do we have to go to reach this 90 percent?

Mr. **Cross**. The intention of the goal of which you speak, which was adopted by the President and the Governors, is to look at those who leave school with a diploma in the regular course of things; in other words, at about age 18 or 19. So that means we are talking about that roughly 72.5 percent rate. We have to bring that rate up to about 90 percent.

Now, there are some States that are already at 90 percent or above. There are a half dozen States in the Middle West, in particular the upper Middle West, who are at that rate already. However, the completion rate ranges down as low as 58 percent in Florida. So we have an enormous amount of work to do in many of those States.

It is an ambitious goal, but it is a goal which if not set, we will never be able to strive for.

Mr. **Natcher**. Mr. Bonner, the committee has been told that this country already has one of the highest high school completion rates in the world. We know that the data of this type is often quite soft, but is this basically an accurate statement?

Mr. **Cross**. Yes, Mr. Chairman, that basically is correct, we do have one of the highest rates. But there are other countries, Japan, Canada, and the Netherlands, for example, who have higher rates than we do, and West Germany also has a rate that is up in that area.

And to repeat an earlier point, because we have so many students who return to complete a high school diploma after not having received one in the normal course of things; students who come back for a high school equivalency exam, get a diploma through the Armed Services or in some other fashion, that the rates you find in several other countries are in fact higher than the U.S. for the age cohort of 18 or 19.

I would think it is fair to say we are in the highest ranges, but we are not the highest in the world in that category.

MAGNET SCHOOLS OF EXCELLENCE

Mr. **Natcher**. According to the justifications, each new magnet school of excellence grant would average about $2,000,000. What would you buy with this amount of money?

Ms. **Coro**. The monies are available to pay teachers, to plan, for outreach, to make sure that the community knows about the program, and to buy the necessary materials, including equipment, to implement the program, so there is a wide array of costs.

The school districts like the infusion of funds through this program, because it provides the opportunity to extend the magnet school concept.

Mr. **Natcher**. Last year, as you will recall, your office testified that there were already more than one thousand magnet schools in this country. Why should we invest $100,000,000 in a concept that is already proven and accepted? Why not let this money go into elementary and secondary education and to Chapter 1? What do you say about that?

Mr. **Bonner**. Well, I think our magnet proposal will enable many public schools, especially in inner cities and hard-hit areas of the country where we simply cannot blink at the great need, to benefit from the program, notwithstanding the numbers of schools that are already participating.

Ms. **Coro**. Mr. Chairman, our proposal is in keeping with the concepts of choice and open enrollment that the Secretary is talking about, and that the President is talking about. These magnet schools will provide the opportunity to children beyond the immediate school boundaries to attend their schools of choice. We believe they would be very useful for the school districts to have.

Mr. **Corwin**. I think as Ms. Coro noted earlier, magnet schools tend to be a little higher cost than a regular school program. She mentioned the example of an arts school. A magnet school focused on science is another good example where you have equipment costs. That is a very popular kind of magnet school to institute.

In addition, because these schools tend to draw students from a wider attendance area, they will have higher transportation costs. Clearly, districts around the country are very interested in this concept, but particularly your poorer districts may not have the wherewithal to accomplish it on their own.

DRUG-FREE SCHOOLS

Mr. **Natcher**. On page 57 of the justifications, you state that the Department does not yet have any documented evidence of the effectiveness of the Drug-Free Schools Program. On top of this, Mr. Bonner, both Director Darman and Ex-Secretary Bennett have made public statements which expressed skepticism about whether this money will do any good.

Now, Mr. Bonner, this is not very strong support statement for a budget request of almost $600,000,000. Is this a worthwhile investment?

Mr. **Bonner**. We certainly feel it is. The Secretary of Education is, as I am sure you know, on record stating that it is a useful expenditure. If you take recent stories, for example, that have broken in the press, especially the National Institute on Drug Abuse surveys indicating that there has been a considerable drop in drug use amongst high schoolers in recent years. I would think you would have to be taking a very narrow look at measurable outcomes to hold to the proposition that that funding had no effect.

I think you have to recognize that a significant drop in use could very definitely be attributable in part to the funding that we have already provided and because it is recognized that it is a scourge that needs to be eradicated from the schools. The funding is justified.

Ms. CORO. Mr. Chairman, I think I would like to add, and I won't attempt to speak for either Dr. Bennett or Mr. Darman, that I think that the concept is that, in addition to drug education and prevention programs, schools must have strong no-use policies.

In other words, just education and prevention programs alone will not do it. There has got to be endorsement of very strong messages for young people. And I think that is what was meant.

Mr. NATCHER. All right, Mr. Conte, I yield.

Mr. CONTE. Thank you, Mr. Chairman. I read in the New York Times that Mr. Bennett said, "If ignorance is the problem, knowledge is the cure." I don't believe that for a large number of kids who use drugs that, "ignorance is the problem." What do you think?

Ms. CORO. That is what I was referring to. Just having education is not enough. You have to have very strong no-use policies and enforce those policies at the school level.

Mr. CONTE. To what do you attribute the downward trend in drug usage among teenagers that was reported by the National Institute on Drug Abuse this month?

Mr. BONNER. It is a composite of things. First of all, the tremendous drive for public awareness from all sectors of society, including the federal effort, has got to have an educational impact. Creating a different culture in the schools, for example, has helped to bring about this turnabout.

Mr. CORWIN. I would totally agree with that. I think the society in general has turned against drugs in the last ten years. The media is helping out, parents are probably more concerned about this than just about anything else.

The schools, I guess, are doing their share, the churches, the youth groups, et cetera. On the issue of ignorance versus knowledge, I read recently that if you went back to about 1981, the majority of high school students thought that cocaine wasn't harmful.

Well, we have learned a lot more about cocaine since then. I think the high school students have as well. It is very hard to attribute the decline to our program, which we have had only for a few years, at $6 per kid. You can't do that. I think we are doing our share here, and it is probably working.

FUND FOR THE IMPROVEMENT AND REFORM OF SCHOOLS AND TEACHING

Mr. CONTE. Under the Fund for the Improvement and Reform of Schools and Teaching, one of the few programs that actually funds school reform, you have already published the notice inviting applications for new awards. Under the school level projects the notice indicates availability of $1,800,000 for new grants out of a total of

$3,900,000 in appropriation, while the justification indicates only 13 carry over projects in 1990.

Why is $1,800,000 going for 36 new projects and $2,100,000 for 13 continuing projects?

Mr. CROSS. Getting back to your earlier point, the amount of money available for new projects is determined by subtracting continuation costs of projects begun in prior fiscal years from the total appropriated.

These are only estimates, and of course, the final number of projects will depend on how far the dollars will go in supporting the highest ranked projects.

I think we have to just wait and see. You see in the announcement that we are talking about grants ranging from $5,000 to $125,000, so there is a wide range allowable for funding. Under the rules followed by the Department, we publish an estimated number of grants and a range. You have to extrapolate from that, and you can be either on the mark or you can be off significantly depending on what the field chooses to apply for.

Mr. CONTE. So maybe the new projects were something like the automobile rebates.

Mr. CROSS. Buy two, and we will give you $1,000 off.

Mr. CONTE. Right. The notice includes absolute priorities, competitive preference, and invitational priorities. If I were applying for this grant I wouldn't know what you are looking for. Can you describe what you are looking for under the FIRST school level projects?

Mr. CROSS. First of all, let me see if I can find the listing of the absolute priorities.

Mr. CONTE. Why can't we make things a little more simple?

Mr. CROSS. Just one second.

Mr. CONTE. In the Federal Register, maybe I can find them for you. Page 32-49.

Mr. CROSS. We forgot our Register.

Mr. CONTE. That is all right. My point is that these programs need to be simplified.

Mr. CROSS. OK, I appreciate your comment, and we will do that.

[The information follows:]

1990 APPLICATION NOTICE FOR THE FIRST PROGRAM

The following is the application notice for the Fund for the Improvement and Reform of Schools and Teaching program, published in the Federal Register on January 31, 1990.

[CFDA No. 84.211B]

Fund for the Improvement and Reforms of Schools and Teaching: Schools and Teachers Program—School-Level Projects; Notice Inviting Applications for New Awards for Fiscal Year 1990

Purpose: To support school-level Schools and Teachers projects that improve educational opportunities for, and the performance of, elementary and secondary school students and teachers.

Deadline for Transmittal of Applications: 3/23/90.

Deadline for Intergovernmental Review: 5/20/90.

Applications Available: 2/9/90.

Available Funds: $1,800,000.

Estimated Range of Awards: $5,000–$125,000.

Estimated Average Size of Awards: $50,000.

Estimated Number of Awards: 30.

Project Period: Up to 36 months.

Applicable Regulations: (a) The Education Department General Administrative Regulations (EDGAR) in 34 CFR parts 74, 75, 77, 79, 80, and 85; and (b) The regulations for this program in 34 CFR part 757 as published in the Federal Register on May 2, 1989 (54 FR 18840).

Priorities:

Absolute Priorities: Under 34 CFR 757.4 (b) and (k) and 757.5 (a) and (c), and 34 CFR 75.105(c)(3), the Secretary gives an absolute preference to applications for school level projects conducted at an individual school or consortium of schools under the direction of a full time teacher or administrator that propose to conduct one or more of the following activities:

(a) Improve educational opportunities for, and the performance of, elementary and secondary school students and teachers by providing incentives for improved performance.

(b) Improve educational opportunities for, and the performance of, elementary and secondary school students and teachers by promoting individual responsibility and involvement in civic activities.

Under 34 CFR 75.105(c)(3) the Secretary funds under this competition only applications for school-level projects that meet one or both of these absolute priorities.

Competitive Preference: Within the absolute priorities, the Secretary gives competitive preference to applications that—

(a) Benefit students or schools with below-average academic performance;

(b) Lead to increased access to all students to a high quality education; and

(c) Develop or implement a system for providing incentives to schools, administrators, teachers, students or others to make measurable progress toward specific goals of improved educational performance.

Under 34 CFR 75.105(c)(2)(i), 34 CFR 757.5(b) and 757.20(d), the Secretary awards up to 25 points to an application that meets one or more of the competitive priorities in a particularly effective way. These points are in addition to any points the application earns under the selection criteria for this program (34 CFR 757.21).

Invitational Priorities: Within the absolute priorities, the Secretary is particularly interested in projects that—

(a) Build on the promising results of initial school-level restructuring efforts to which teachers and administrators have made demonstrable commitment;

(b) Reflect the involvement of parents, teachers, and administrators in the targeted school(s) in the planning, implementation and evaluation of the proposed project;

(c) Build collaborative relations between the elementary or secondary school and an institution of postsecondary education;

(d) Improve the school's capacity to serve more children in the regular classroom, rather than fragmenting services by providing special assistance only by referral outside the regular classroom or building; and

(e) Demonstrate the applicant's financial commitment to the proposed project and that show evidence of plans to continue the project after the grant ends.

In addition, for applications that address the second activity described in the Absolute Priorities section of this notice, the Secretary is particularly interested in applications that propose innovative approaches to character education.

However, under 34 CFR 75.105(c)(1) an application that meets one or more of the invitational priorities does not receive competitive or absolute preference over other applications that address the absolute priorities.

For Applications or Information Contact: Jennifer Mills, U.S. Department of Education, Fund for the Improvement and Reform of Schools and Teaching, 555 New Jersey Avenue, NW., room 522, Washington, DC 20208–5524, Telephone: (202) 357–6496.

Program Authority: 20 U.S.C. 4811–4812.

Dated: January 25, 1990.

Christopher T. Cross,

Assistant Secretary for Educational Research and Improvement.

COMPREHENSIVE SCHOOL HEALTH EDUCATION

Mr. Conte. We directed the Department in fiscal 1990 to establish a separate Office of Comprehensive School Health Education. Why hasn't this office been set up?

Mr. Cross. Mr. Conte, the language suggested that that office be within the Office of the Secretary. There are no grant programs, no operating offices within the Office of the Secretary.

This has been the case over time as far as I can remember, some 20 years, where the Congress has from time to time directed that offices be established within the Office of the Secretary.

Frankly, to establish an office there is to make them an orphan because there is no superstructure. There is no one for them to relate to, no way for them to get services, no way for them to be cared for and fed, if you will. So the Department decided to put that Office for Comprehensive School Health, that responsibility, within the FIRST program office where it resides today. We do have staff there.

We also have a very good grants program. I believe that you will find that the awards we have made in that area have been very well received, and we think that the program is working fine. Frankly, I think it works better to administer it there than to have a separate office that would stand out by itself and not have the kind of support which it does in its current location.

Mr. Conte. Is there currently an individual with experience in health education running the School Health Grant Program?

Mr. Cross. There are several staff there. One of them at least, I know, Dr. Alan Schmeider, does have experience in that area, and there are others on the staff. I will be glad to provide for you information on the rest of the staff.

STAR SCHOOLS

Mr. Conte. I think that is a very important area. Let's talk about the Star Schools Program. The budget again proposes to zero out the Star Schools Program. Meanwhile, the Office of Technology Assessment has published a report, "Linking for Learning," that identifies distant learning as a positive development and further identifies the Star Schools Program as the major existing Federal funding source.

Wouldn't it be a mistake to cut off the major Federal funding source and a very important and positive trend in education?

Mr. Cross. Mr. Conte, I believe that one of the things that has to be looked at here is whether or not that is truly a demonstration program. It was conceived to be that. There were grants awarded for two years. Those grants have been quite successful in getting things off the ground, and serving about 40 States now.

I don't know if you had a chance to see this morning's *Washington Post,* but here is an article in this morning's *Post* called Learning From Afar, which I will be glad to leave for you. But one of the points that it makes is that full motion video, which basically is what these projects are based upon, is very expensive.

In fact, our estimates are they cost between $1,000 and $1,400 per student served in a year, and that does not count equipment costs. It costs from $10,000 to $15,000 for equipment per site. This article mentions something called the Pennsylvania Tele-Teaching Program, which uses computers, monitors, and telephones to connect teachers for distance learning at a cost per classroom of $5,200. In short, you are talking about a cost of about one-fifth to one-sixth of that of the Star Schools Program, and the article says basically that it is just as effective, that the only thing you don't get is being able to see the teacher.

A new round of grants in this area would have the effect, frankly, of having providers competing for service to the same number of schools and the same constituencies. This moves the program out of the demonstration program strategy and it becomes a sustaining program.

I will be glad to leave this article for you.

ASBESTOS

Mr. Conte. Okay. Who in the Department is advising schools on the latest thinking with respect to asbestos, especially on the issue of whether to remove asbestos or leave it in place and contain it?

Mr. Bonner. To my knowledge, no one advises them, because I think it is a Department of Labor concern.

Ms. Christensen. It is the Environmental Protection Agency.

Mr. Cross. EPA, I believe, has an office that specifically deals with it.

Mr. Conte. You don't have anything to do with it?

Mr. Cross. No.

Mr. Conte. Okay. We will talk to EPA, then. School districts are really confused about the asbestos laws. And on top of that there are studies saying more harm is caused by ripping the walls down, because asbestos is spread around and it gets into the air.

FOLLOW THROUGH

Can you state your authority for arguing the Follow Through Progam is not covered by general education provisions, automatic 1-year extension of authorization?

Mr. Corwin. That is an interpretation from our General Counsel's Office. I prefer to place that in the record. Is that okay?

[The information follows:]

FOLLOW THROUGH AUTHORIZATION

The one-year GEPA estension of authorization does not apply to programs that have been specifically repealed by law. The 1986 reauthorization of Follow Through in the Human Services Reauthorization Act of 1986 (P.L. 99-425) repeals the Follow Through Act effective October 1, 1990.

HAWKINS-STAFFORD AMENDMENTS TO CHAPTER 2 BLOCK GRANT

Mr. Conte. For the record, the Hawkins-Stafford amendments place greater emphasis in the Chapter 2 block grants on innovative activities and effective school programs. When will you be able to provide us with information on the changes made to the state block grants under these amendments?

[The information follows:]

INFORMATION ON STATE BLOCK GRANTS

Information on effective schools and other innovative activities funded under the block grant will be forthcoming from several sources. States are now required to report annually on the use of funds, the types of services furnished, and the students served under Chapter 2. A summary of these reports will be available next January. States are also required to conduct an evaluation of the effectiveness of their Chapter 2 programs. The Secretary will submit to the Congress a report summarizing these evaluations by October 1, 1992. Later this year, the Department will contract for a study of effective schools programs. This study will produce three reports: (1) State administration of Chapter 2 programs (due in early 1992); (2) State-level effective schools activities (due in fall 1992); and (3) local-level effective schools programs (due in early 1993). Finally, the Department has requested $1 million for 1991 to extend this study to examine the full range of programs supported by Chapter 2. If funded, the final report of this study is expected in fall 1993.

NUMBER OF SCHOOL IMPROVEMENT CATEGORICAL PROGRAMS

Mr. CONTE. Under the School Improvement Program, if I were a school district looking at it, I would feel overwhelmed by the number of programs and applications for funding that would have to be completed without any assurance of receiving funds at the end. Doesn't the current structure of the School Improvement Program give the advantage to those who can hire grant writers?

Ms. CORO. We have a combined application notice that lists the programs that will be available in a given fiscal year. We had that combined application notice issued in September 1989. I believe we are moving that up now so there will be a comprehensive notice in the Federal Register soon.

Mr. CORWIN. I think to a great extent you are preaching to the choir here. We have been strong supporters of the block grant because it takes grantsmanship out of the process. It gets everybody some funding for school improvement activities.

Meanwhile, we have watched new categoricals proliferate since 1981-82. As Sally said earlier, we have gone from 120 programs to 210, and clearly grantsmanship now has a lot to do with it and who has the better consultant and who has the good federal grants writer on board and things like that. I think it is a problem.

GRANTS AND CONTRACTS IN MASSACHUSETTS 1ST CONGRESSIONAL DISTRICT

Mr. CONTE. For the record, will you provide a list of all the grants and contracts in the first congressional district of Massachusetts under the School Improvement account.

[The information follows:]

FY 1989 GRANTS AND CONTRACTS TO THE FIRST DISTRICT OF MASSACHUSETTS

Christa McAuliffe Fellowship to Susan Mitchell of Amherst, Massachusetts: $14,786.

Drug-Free Schools and Communities discretionary grant to Simon's Rock of Bard College: $115,173.

Drug-Free Schools and Communities discretionary grant to North Adams State College: $91,158.

Drug-Free Schools and Communities State grants to local educational agencies: $269,247.

Math and Science State grants to local educational agencies: $175,231.

Math and Science State grants to institutions of higher education: $185,067.

Chapter 2 State block grants to local educational agencies: $1,306,593.

Mr. CONTE. Thank you, Mr. Chairman.

Mr. Natcher. This completes the hearing on school improvement. It has been a good hearing and thank you very much.

[The following questions were submitted to be answered for the record:]

DRUG-FREE SCHOOLS

Mr. Natcher: Over the last 3 years the Drug-Free Schools program has grown very rapidly. Almost $1.1 billion has been appropriated during that time including $180 million last fall. Have local school systems been able to absorb and use this money?

Mr. Bonner: We do not know of any instances where school systems have been unable to absorb the increased funds. To the contrary, school systems have welcomed the additional funds to expand and enhance their drug education and prevention efforts.

Mr. Natcher: Insert in the record at this point a table showing drug education funding at the Department by activity from 1987 to 1991.

Mr. Bonner: The table on the following page displays this information:

DRUG EDUCATION FUNDING HISTORY

Budget Authority	1987 Actual	1988 Actual	1989 Actual	1990 Actual	1991 Request
Drug-Free Schools and Communities Act of 1986:					
State grants	$161,046,000	$191,480,000	$287,730,000	$437,881,000	$487,619,000
School personnel training	---	---	7,000,000	14,554,000	14,554,000
National programs:					
Grants to institutions of higher education	15,560,000	17,812,093	27,800,000	28,371,000	28,371,000
Federal activities	12,307,500	7,792,791	12,162,500	12,413,000	17,413,000
Prorams for Indian youth	1,945,000	2,226,512	3,475,000	3,653,000	3,653,000
Programs for Native Hawaiians	389,000	445,302	695,000	731,000	731,000
Regional centers	8,752,500	10,019,302	15,637,500	15,959,000	15,959,000
Emergency grants	---	---	---	24,688,000	25,000,000
Anti-Drug Abuse Act of 1988:					
National Commission on Drug-Free Schools	---	---	---	988,000	---
Elementary and Secondary Education Act of 1965:					
Innovative Alcohol Abuse Education (Fund for Innovation in Education)	---	---	---	1,975,000	1,975,000
Education Consolidation and Improvement Act of 1981:					
Alcohol & Drug Abuse Education	3,000,000	---	---	---	---
TOTAL	203,000,000	229,776,000	354,500,000	541,213,000	595,275,000

Mr. Natcher: How many staff are assigned to the Drug-Free Schools program and how has this changed between 1988 and 1990?

Mr. Bonner: The full-time equivalent staff associated with Drug-Free Schools programs throughout the Department has increased from 32.5 in 1988 to 38.5 in 1989 and 42.0 in 1990. Most of these FTE have been assigned from existing allocations. More resources are needed, especially travel funds to monitor projects, and have been requested under the Program Administration account.

STAR SCHOOLS

Mr. Natcher: The Committee has heard that the per pupil cost of some of these Star Schools courses may be very high. Do you have any data on the total cost to provide a typical course like Japanese or advanced calculus?

Mr. Cross: The cost per pupil varies by project and by enrollment. Three of the four Star Schools projects use full-motion interactive video for instruction, and deliver complete courses. For these, the approximate average annual cost per two-semester course per student is:

TI-IN United Star Network	$1,062
Midlands Consortium	$1,357
Satellite Educational Resources Consortium (SERC)	$1,368

Costs for Japanese language and advanced calculus courses are about the same as for other courses.

These estimates do not take into account all the expenditures involved in the delivery of interactive student courses through telecommunications. For example, the estimates do not include the cost of on-site supervision and proctoring by a local professional staff member during satellite instruction. Such monitoring of students at the school site during satellite instruction is a feature of all three of the Star Schools projects that deliver such courses. Nor do the estimates include amortization of equipment costs.

The fourth project, funded through Technical Education Research Centers (TERC), permits students, communicating with computers linked by telecommunications, to collect data and participate in large-scale experiments (such as studying concentrations of acid in rainwater in different geographic areas) as part of courses provided by their schools. Cost data from this project are not comparable to the costs of providing full-motion video and complete courses.

Mr. Natcher: Are the 1990 Star Schools grants one-year projects?

Mr. Cross: The 1990 Star Schools awards have not yet been made, so we cannot say with certainty what their term will be, although it is likely that applicants will request the longest term allowable. The authorizing statute for the Star Schools program permits awards for a second year. If funds are appropriated for 1991, awards to those 1990 grantees who requested multi-year awards would be made as non-competing continuations.

NATIVE HAWAIIAN PROGRAMS

Mr. Natcher: The President's budget would also eliminate support for the Native Hawaiian programs. What can you tell us about the educational needs of this population?

Mr. Bonner: The Hawaiian State educational agency estimates that there are about 38,000 Native Hawaiian students enrolled in its public schools. Of this number, the SEA estimates that about 4,000 are eligible for special education programs. On many social indicators (e.g., family income, employment rates, poverty rates), Native Hawaiians rank higher than other minorities, but below the national average. Educationally, 68.2 percent of Native Hawaiians have completed high school. This rate is virtually the same as the 68.8 percent completion rate for whites and higher than the national average of 66.5 percent. Hispanics rank lowest in this category, with a high school completion rate of 44 percent. The median years of schooling completed among Native Hawaiians is 12.4, about the same as for whites (12.5) and the national average (12.5). Again, Hispanics rank lowest in this category, with 10.8 median years of school completed.

Mr. Natcher: The program received $6.4 million in 1990. What portion of these funds are earmarked in the law for specific private organizations?

Mr. Bonner: The Kamehameha Schools/Bernice P. Bishop Estate is the only private organization specifically named in the authorizing statute. The 1990 awards have not yet been made; however, in 1989, the Bishop Estate received about $3.1 million, or 62 percent, of the total amount appropriated. Of that amount:

- $0.4 million is for the Model Curriculum program. The authorizing statute lists several other recipients -- the State, the SEA, the University of Hawaii -- but the Bishop Estate is the only private organization listed and was the only applicant, so it receives all the funds. The authorizing statute directs that the funds be used only to implement, in public schools, a curriculum developed by the Kamehameha Schools/Bishop Estate.

- $1.2 million is for the Family-Based Centers program. The authorizing statute specifies that Native Hawaiian organizations are to be the recipients, but does not specifically name the Bishop Estate. In 1989, there were two applicants and two grantees. The Bishop Estate received $1.2 million and Aha Punana Leo, Inc. received $0.6 million.

- $1.5 million is for Higher Education fellowships and programs. The authorizing statute specifies the Bishop Estate as the only recipient.

The authorizing statute also directs funds to the University of Hawaii at Hilo. This amounted to $790,000 in 1989.

FOREIGN LANGUAGE PROJECTS

Mr. Natcher: The President has not requested that funds be provided for foreign language projects under title II-B. As you know, this program has never been funded, but it is supported by a number of Members who see this as part of our effort to become more competitive in global markets. Why no funds for this program, Mr. Bonner?

Mr. Bonner: We certainly agree that it is very important for American children to learn foreign languages. However, Federal categorical support for foreign language courses, or for any regular classroom courses in elementary and secondary schools, does not seem to us to be an appropriate expenditure of Federal dollars. State and local educational agencies have the responsibility for determining the curricula in their schools, and it is appropriate that they use State and local funds to pay expenses associated with regular school courses. Subject to "supplement, not supplant" provisions, States could devote a portion of their Chapter 2 block grant funds for this purpose.

STAR SCHOOLS

Mr. Natcher: Provide a table showing the allocation of Star Schools funds over the years by recipient and by year.

Mr. Cross: The following table is provided for your information.

SUMMARY OF STAR SCHOOLS FUNDING
(in millions of dollars)

	1988	1989
TI-IN United Star Network	$5.6	$4.1
Midlands Consortium	$5.5	$4.1
Satellite Educational Resources Consortium (SERC)	$5.6	$4.1
Technical Education Research Centers (TERC)	$2.4	$2.0

A competition to select new grantees will be held in 1990.

EDUCATIONAL TELEVISION PROGRAMMING

Mr. Natcher: How much money does the Federal Government contribute toward educational television programming and how are these funds awarded?

Mr. Cross: The following table provides our estimates of the amounts provided by the Federal Government in fiscal year 1989 for educational television.

FEDERAL FUNDING FOR EDUCATIONAL TELEVISION
(in millions of dollars)

Department of Education	$1.0
Corporation for Public Broadcasting	6.0
National Endowment for the Arts	6.1
National Endowment for the Humanities	9.8
National Science Foundation	6.2
Total	29.1

For the purpose of making these estimates, we defined educational television as broadcast television shows frequently taped for use in classrooms, or aimed at a K-12 audience and having educational purposes. Thus, activities under the Star Schools program or Defense Department interactive training programs are not included, since they are primarily interactive instruction, and programs like NOVA would be included, even though they are aimed at an adult audience, because they are so frequently used in classroom instruction. NOVA itself did not receive funding from these sources in 1989. Funds not directly related to production, such as the Corporation for Public Broadcasting's support for classroom materials related to broadcast shows, or the Department of Education's funding for closed captioning, are not included.

Awards are made as competitive grants or contracts. In the case of the Endowments, applicants frequently must meet matching requirements as well.

HOLOCAUST EDUCATION PROJECT IN NDN

Mr. Natcher: What was the final outcome of the disagreement regarding Federal funding of a holocaust education project last year? If funded, please indicate the amount and duration of the grant.

Mr. Cross: A four-year grant was awarded to Facing History and Ourselves in fiscal year 1989. The amount awarded for the first year was $59,367.

EMERGENCY DRUG FUNDS

Mr. Natcher: What criteria will be used in allocating emergency drug funds among school districts?

Mr. Bonner: To be eligible for a Drug-Free Schools and Communities Emergency Grant, a school district must have a significant number or concentration of Chapter 1-eligible children and serve an area: (1) in which there is a large number or percentage of arrests for, or while under the influence of, drugs or alcohol or convictions of youths for drug or alcohol-related crimes; (2) in which there is a large number or high percentage of referrals of youths to drug and alcohol abuse treatment and rehabilitation programs; and (3) that has a significant drug and alcohol abuse problem, as indicated by other appropriate data.

Beginning in 1991, this program is authorized as a Federal discretionary grant program. Applications for this special assistance will be evaluated based on the need and quality of the proposed program. The Secretary will publish regulations later this year that include the specific evaluation criteria against which applications will be selected for funding.

SCHOOL IMPROVEMENT ACCOUNT STRUCTURE

Mr. Natcher: How much of this request in the School Improvement account is not administered by the Office of Elementary and Secondary Education?

Mr. Bonner: The Office of Educational Research and Improvement (OERI) administers the following programs in the School Improvement Programs account: the National Diffusion Network (NDN), Blue Ribbon Schools, Eisenhower Math and Science Education National Programs, the Fund for the Improvement and Reform of Schools and Teaching (FIRST), Territorial Teacher Training, LEAD, Mid-Career Teacher Training, the Fund for Innovation in Education (FIE), Javits Gifted and Talented Students Education, the WEEA Publishing Center, Star Schools, and Educational Partnerships. OERI will also administer the proposed program for Alternative Certification of Teachers and Principals. The requests for these OERI programs in 1991 total $95.1 million. Several of the Drug-Free Schools National programs activities are also administered outside the Office of Elementary and Secondary Education. The request for these activities in 1991 is $26.6 million. In addition, the Office of Postsecondary Education and the Office of Special Education and Rehabilitative Services administer portions of the Education for Native Hawaiians Act, for which no funds are requested in 1991. The remaining programs, for which the 1991 requests total $1.6 billion, are administered by the Office of Elementary and Secondary Education.

Mr. Natcher: Could these programs be transferred to other appropriation accounts where they are actually administered, such as research and statistics?

Mr. Bonner: Yes, we would favor moving some of these programs to the Research, Statistics, and Improvement of Practice account and would be happy to work with the committee on how best to accomplish the transfer.

CLAUDE AND MILDRED PEPPER SCHOLARSHIPS

Mr. Natcher: What is the status of proposals to provide funding to the Claude and Mildred Pepper Scholarships which was discussed last year?

Mr. Cross: A grant competition was held in fiscal year 1989 under the Fund for Innovation in Education's Innovation in Education Program. Applications were invited in a number of priority areas. Applicants interested in proposing projects to carry out the Claude and Mildred Pepper Scholarship program were also eligible to compete. Over 300 applications were received and 20 awards were made. The single application to carry out the Claude and Mildred Pepper Scholarship program, from the Washington Workshops Foundation, did not rank high enough to warrant funding.

NEW DRUG AND ALCOHOL PREVENTION REQUIREMENTS

Mr. Natcher: What actions have been taken to ensure compliance by State and local education agencies with new requirements for drug and alcohol prevention programs? Will the Department use financial sanctions in order to enforce this law?

Mr. Bonner: Under the new requirements, which take effect October 1, 1990, all State educational agencies (SEAs), local educational agencies (LEAs), and institutions of higher education (IHEs) must adopt and implement drug and alcohol abuse prevention programs and policies for their students and employees. The Department will publish regulations this spring to implement and enforce these requirements. The regulations will provide for annual review of a representative sample of programs and for a range of responses and sanctions, including termination of Federal funding, for SEAs, LEAs, and IHEs that fail to implement their programs or to enforce their sanctions.

SCHOOLS WITHOUT DRUGS

Mr. Natcher: How many copies of the pamphlet Schools Without Drugs have been printed and circulated and what did this cost?

Mr. Bonner: Approximately 3.4 million copies of Schools Without Drugs have been printed and distributed at a cost of $2.7 million, or only 80 cents per copy. Copies are distributed free of charge as are all of our drug prevention materials.

CHAPTER 2 ANNUAL REPORTS

Mr. Natcher: The Hawkins-Stafford Amendments of 1988 require the Department of Education to submit a report annually to the Congress on the use of Chapter 2 education block grant program funds. Has the Department developed a model system that States can use to report comparable data for use by the Congress and others in preparing evaluations on the effectiveness of this program?

Mr. Bonner: The Department, in consultation with the States, has developed a model form that States may use for the required annual submission of data on the use of funds, the types of services furnished, and the students served under Chapter 2. States are positive about the use of the form. The Department also has issued formal guidance to States on evaluating the effectiveness of Chapter 2 programs to facilitate evaluations that yield comparable kinds of information that can be summarized meaningfully at the national level.

CATEGORICAL PROGRAMS

Mr. Natcher: In 1981, at the urging of the Administration, the school improvement block grant program was enacted to consolidate more than 40 categorical programs into a single set of grants to the States. How many additional categorical programs have been proposed by the Administration since 1981, and how many of these have been enacted and funded? How many have been originated and enacted by the Congress?

Mr. Bonner: Since 1981, the Administration has proposed eight new elementary and secondary education categorical programs, including the five programs contained in the Educational Excellence Act proposed last year by President Bush. One of these programs -- Drug-Free Schools Emergency Grants -- has been enacted. The Senate has passed its version of the Educational Excellence bill and the House will be taking it up in March. Since 1981, Congress has originated and enacted 54 new elementary and secondary categorical programs. A list of these programs follows.

ELEMENTARY AND SECONDARY EDUCATION CATEGORICAL PROGRAMS PROPOSED BY THE ADMINISTRATION SINCE 1981

Program	Statute	First Funded
1983		
Science and Mathematics Teacher Development Act		
1986		
Teacher Training and Improvement Act		
1987		
Chapter 1 Demonstrations		
1989		
Educational Excellence Act[1]:		
Presidential Merit Schools		
Magnet Schools of Excellence		
Alternative Certification of Teachers and Principals		
Presidential Awards for Excellence in Education		
Drug-Free Schools Emergency Grants	ESEA[2], sec. 5136	1990

ELEMENTARY AND SECONDARY EDUCATION CATEGORICAL PROGRAMS PROPOSED AND ENACTED BY THE CONGRESS SINCE 1981

Program	Statute	First Funded
1984		
Education for Economic Security Act (EESA):	P.L. 98-377	
Math and Science State Grants	ESEA-II-A	1985
Math and Science National Programs	ESEA, sec. 2012	1985

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[1] Currently pending in Congress.

[2] Elementary and Secondary Education Act of 1965.

ELEMENTARY AND SECONDARY EDUCATION CATEGORICAL PROGRAMS PROPOSED AND ENACTED BY THE CONGRESS SINCE 1981
(continued)

Program	Statute	First Funded
1984 (cont'd)		
Excellence in Education	EESA-VI	1985
Magnet Schools Assistance	ESEA-III	1985
Partnerships in Education for Mathematics, Science, and Engineering	EESA-III	---
Emergency Immigrant Education Act of 1984	ESEA-IV-D	1984
Leadership in Educational Administration	HEA[3]-V-C-2	1986
1986		
Higher Education Act Amendments of 1986:	P.L. 99-498	
Christa McAuliffe Fellowships	HEA-V-D-2	1987
Midcareer Teacher Training	HEA-V-A	1990
Professional Development Resource Centers	HEA-V-C-1	---
Congressional Teacher Scholarship Programs	HEA-V-D-1	---
Drug-Free Schools and Communities Act of 1986:	P.L. 99-570, IV-B (ESEA-V)	
State Grants	ESEA-V-B	1987
Federal Activities	ESEA, sec. 5132	1987
Programs for Indian Youth	ESEA, sec. 5133	1987
Programs for Native Hawaiians	ESEA, sec. 5134	1987
Programs for Institutions of Higher Education	ESEA, sec. 5131	1987
Regional Centers	ESEA, sec. 5135	1987
1987		
Stewart B. McKinney Homeless Assistance Act:	P.L. 100-77	
Education for Homeless Children and Youth State Grants	P.L. 100-77, sec. 722	1987

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[3] Higher Education Act of 1965.

ELEMENTARY AND SECONDARY EDUCATION CATEGORICAL PROGRAMS PROPOSED AND ENACTED BY THE CONGRESS SINCE 1981
(continued)

Program	Statute	First Funded
1987 (cont'd)		
Education for Homeless Children and Youth Exemplary Grants	P.L. 100-77, sec. 723	1987
1988		
Hawkins-Stafford Elementary and Secondary School Improvement Amendments:	P.L. 100-297	
Capital Expenses for Private School Children (Chap. 1)	ESEA, sec. 1017(d)	1989
Even Start	ESEA-I-1-B	1989
Secondary School Programs for Basic Skills Improvement & Dropout Prevention	ESEA-I-1-C	---
State Program Improvement Grants (Chapter 1)	ESEA, sec. 1405	1989
Rural Educational Opportunities	ESEA-I-1-F-3	1989
Blue Ribbon Schools	ESEA-I-2, sec. 1566	1989
Foreign Languages Assistance	ESEA-II-B	---
Presidential Awards for Teaching Excellence in Foreign Languages	ESEA-II-C	---
Jacob K. Javits Gifted and Talented Students Educ.	ESEA-IV-B	1989
Ellender Fellowships - Programs for Older Americans and Recent Immigrants	ESEA-IV-C-2	1989
Secretary's Fund for Innovation in Education:		
Innovation in Education	ESEA, sec. 4601	1989
Optional Tests for Academic Excellence	ESEA, sec. 4602	---
Technology Education	ESEA, sec. 4603	1989
Programs for Computer-Based Education	ESEA, sec. 4604	1989
Programs for the Improvement of Comprehensive School Health Education	ESEA, sec. 4605	1989

ELEMENTARY AND SECONDARY EDUCATION CATEGORICAL PROGRAMS PROPOSED AND ENACTED BY THE CONGRESS SINCE 1981
(continued)

Program	Statute	First Funded
1988 (cont'd)		
Alternative Curriculum Schools	ESEA, sec. 4606	---
Dropout Prevention Demonstrations	ESEA-VI-A	1988
Secondary School Basic Skills Demonstrations	ESEA-VI-B	1990
Star Schools	EESA-IX	1988
Fund for the Improvement and Reform of Schools and Teachers (FIRST):		
Grants for Schools and Teachers	P.L. 100-297-III-B-1	1989
Family-School Partnerships	P.L. 100-297-III-B-2	1989
Native Hawaiian Model Curriculum Implemen.	P.L. 100-297, sec. 4003	1989
Native Hawaiian Family-Based Education Centers	P.L. 100-297, sec. 4004	1989
Native Hawaiian Higher Education Demonstrations	P.L. 100-297, sec. 4005	1989
Native Hawaiian Gifted & Talented Program	P.L. 100-297, sec. 4006	1989
Native Hawaiian Special Education Program	P.L. 100-297, sec. 4007	1989
Indian Education Gifted & Talented Program	P.L. 100-297, sec. 5324	1989
Education and Training for A Competitive America Act:	P.L. 100-418, VI	
Educational Partnerships	P.L. 100-418-VI-A-5	1990
Technology Education Demonstrations	P.L. 100-418-VI-B-2	1990
Transfer of Education & Training Software	P.L. 100-418-VI-B-1	---
Access Demonstration Programs	P.L. 100-418-VI-B-5	---
Anti-Drug Abuse Act of 1988:	P.L. 100-690	
School Personnel Training	ESEA-V-C	1989
Innovative Alcohol Abuse Education Programs	ESEA-IV-F, sec. 4607	1990

ELEMENTARY AND SECONDARY EDUCATION CATEGORICAL PROGRAMS PROPOSED AND ENACTED BY THE CONGRESS SINCE 1981
(continued)

Program	Statute	First Funded
1989		
Drug-Free Schools and Communities Act Amendments of 1989:	P.L. 101-226	
Drug-Free School Zones Demonstrations	ESEA, sec. 5137	---
Dissemination of Information & Technical Assistance	ESEA, sec. 5146	---

CHAPTER 2 FUNDS -- ADMINISTRATIVE EXPENSES

Mr. Natcher: How much of the Chapter 2 funds can be spent on administrative expenses at each level and how strict are the definitions on what can be counted as an administrative cost?

Mr. Bonner: A State educational agency (SEA) may spend no more than 5 percent of the State's Chapter 2 grant on program administration, which includes: (1) supervision of the allocation of Chapter 2 funds to local educational agencies; (2) planning, supervision, and processing of Chapter 2 funds received by the SEA; (3) monitoring and evaluation of Chapter 2 programs and activities; and (4) operations of the State advisory committee. Local educational agencies may spend Chapter 2 funds for administration only in an amount that is reasonable and necessary to implement their programs. Chapter 2 funds may not be used for administrative costs that are not directly associated with the Chapter 2 program.

PRESIDENTIAL AWARDS FOR EXCELLENCE IN EDUCATION

Mr. Natcher: The President has again submitted his proposal for cash awards to excellent teachers. Who would select these recipients and what criteria would be used?

Mr. Bonner: Winners of Presidential awards would be selected by statewide panels, appointed by Governors from nominations made by local educational agencies, private schools, parents, associations of parents and teachers, businesses, business groups, and student groups. In making selections, the panels would use selection criteria described in the State application and subject to approval by the Secretary. Each State would be permitted to use up to 5 percent of its allocation for administration, including the cost of convening the statewide panel.

OBJECT CLASS SCHEDULE

Mr. Natcher: The object class schedule on p. C-15 shows a large drop in both 1990 and 1991 in contracts. What is the reason for this change?

Mr. Cross: We do not anticipate any substantial reduction in the amount of funds awarded for contracts in 1990, as compared to 1989. Our contract plans for 1990 anticipate the continuation of awards to provide technical support for the Blue Ribbon Schools program, to provide technical assistance to potential applicants to the National Diffusion Network, to support the Women's Educational Equity Act publishing center, to conduct studies of magnet schools, effective schools, and the Minnesota choice program, to support activities under the Javits Gifted and Talented Students Education program, and to provide technical assistance and dissemination services to grantees under the FIRST program. These account for slightly more than half of the planned awards. The rest are for activities under the Drug-Free Schools and Communities Act. These include support for the Network for Drug-Free Colleges and Universities, mandated early childhood drug education materials, the Drug-Free School Recognition program, an evaluation of activities under the Drug-Free Schools and Communities Act, and a transfer to the HHS National Clearinghouse for Alcohol and Drug Abuse Information to assist in the distribution of educational materials.

The amount listed for 1989 in the Justifications is the amount reported by the Department's financial reporting system. Because no significant changes are anticipated in the level of activity planned for 1990 and 1991, we believe the discrepancy is attributable to differences in the way estimates were developed for 1990 and 1991 and the way contract amounts were reported for 1989. We will clear up this discrepancy in future years' budget justifications.

FOLLOW THROUGH

Mr. Natcher: According to the budget documents (p. C-5), the Follow Through program is not authorized for 1991 and is not covered by section 414 of the General Education Provisions Act (GEPA). Why doesn't GEPA apply?

Mr. Bonner: The one-year GEPA extension of authorization does not apply to programs that have been specifically repealed by law. The 1986 reauthorization of Follow Through in the Human Services Reauthorization Act of 1986 (P.L. 99-425) repeals the Follow Through Act effective October 1, 1990.

UNDERACHIEVERS PROGRAM

Mr. Natcher: Include in the record at this point a short description with budget data on the new "underachievers" program mandated in the 1990 appropriation bill.

Mr. Cross: The Department announced a competition in the March 8, 1990 Federal Register inviting applications under the Fund for Innovation in Education for projects designed to validate program models for underachieving students and projects to demonstrate school or district strategies for serving underachieving students. We have set aside $2.4 million for this competition. Applications are due July 3, 1990, and awards will be made by September 30, 1990.

CHAPTER 2 SUPPORT FOR DROPOUT PREVENTION AND MATH-SCIENCE

Mr. Natcher: Could Chapter 2 funds be used for dropout prevention and math and science improvement if the block grant were increased rather than expanding the categorical grants?

Mr. Bonner: Yes. Chapter 2 specifically authorizes "programs to meet the educational needs of students at risk of failure in school and of dropping out" and "programs of training and professional development to enhance the knowledge and skills of educational personnel," as well as programs to enhance student achievement and the educational program of the school. Of course, there is no guarantee that States and school districts would use increased block grant funds for either mathematics and science activities or dropout preventon.

BERNICE P. BISHOP ESTATE

Mr. Natcher: We have been told that one of the principal recipients of the Native Hawaiian funds is a private foundation worth hundreds of millions of dollars. This is the Bernice P. Bishop Estate. What can you tell us about this organization and its financial situation?

Mr. Bonner: According to a 1969 letter designating the Bishop Estate as an educational organization (as described in section 503(b)(2) of the tax code), the Internal Revenue Service described the Bernice P. Bishop Estate as "a trust created under the will of the late Bernice Pauhi Bishop for the purpose of erecting and maintaining in the Hawaiian Islands, two schools for boarding and day scholars. The schools, one for boys and one for girls, were to be known as the Kamehameha Schools. The boys' school was established in 1887, and the girls' school was established in 1894. Preference was to be given to students of Hawaiian or part Hawaiian ancestry." The 1969 letter goes on to say: "The information on file shows that the primary function of the Bernice P. Bishop Estate is the maintenance and operation of the Kamehameha Schools. The Schools are large, well-established educational institutions which have a regular faculty and curriculum and a regularly enrolled body of students in attendance at a place where their educational activities are regularly carried on. It has been clearly shown that the Kamehameha Schools are an integral part of the Bernice P. Bishop Estate." The letter also concluded that [d]onors may deduct contributions to the Bernice P. Bishop Estate, as provided by section 170 of the Code."

In the November/December 1989 issue of Common Cause Magazine, an article on Hawaii names the Bishop Estate as the largest of six private landowners that own 25 percent of the land in the State. Common Cause estimates that the Estate owns 8 percent of the land, worth about $2 billion. The 1989 article also contends that: (1) the Kamehameha Schools have a larger endowment than any pre-college facility in the country; (2) the Kamehameha Schools enroll 6.4 percent of the eligible (Native) Hawaiian students; and (3) trustees of the Estate, who are selected by the State Supreme Court, were paid $648,000 apiece last year and nearly $1 million the year before.

The Department has requested additional information from the Bishop Estate, and will forward that information to the Committee when it receives it.

READING IS FUNDAMENTAL

Mr. Natcher: Why is the RIF program operated as a sole source contract? Is this required by law?

Mr. Bonner: Technically we could award the funds through either a grant or a contract, but the law requires us to award the funds to Reading Is Fundamental.

ALLIANCE FOR THE ARTS

Mr. Natcher: According to your budget documents, Federal funds were used by the Alliance for the Arts program to sponsor a cultural exchange program to Hong Kong and China. Who went on this exchange, what did it cost, and why was it eligible for Federal support?

Mr. Bonner: Federal funds did not provide direct support for the cultural exchange. The participants in the exchange, including university professors, State educational agency staff, members of State arts councils, artists, and school principals and teachers, all paid their own way.

COMPREHENSIVE SCHOOL HEALTH PROGRAM

Mr. Natcher: Are any of your school health education funds used to support school-based clinics which actually provide health services?

Mr. Cross: The Comprehensive School Health Education program is not authorized to provide health services. Its purpose is to improve elementary and secondary education about matters related to health, such as fitness, nutrition, and the prevention and control of communicable diseases, and to improve programs to provide comprehensive school health education at the elementary and secondary levels. An examination of abstracts from funded projects indicates that nearly all educational services are provided in classrooms, and that no services are being provided through school-based clinics. However, nothing in the statute prohibits the provision of comprehensive school health education through school-based clinics.

CLOSE UP FOUNDATION

Mr. Natcher: Your budget states that Close Up should be able to continue at its 1990 level as a result of private funds. What evidence do you base this on?

Mr. Bonner: We base it on the fact that the non-Federal share of the Close Up Foundation's budget has increased by several million dollars in recent years.

Mr. Natcher: What is the total budget of Close Up and how has this changed in recent years?

Mr. Bonner: The information is as follows:

Close-Up Foundation Budget ($ millions)	Program Year 1988-89	Program Year 1989-90	Program Year 1990-91[1]
Non-Federal	$20.9	$23.3	$27.9
Federal	2.6	4.4	5.9
Total	23.5	27.7	33.8

DROPOUT PREVENTION PROGRAM

Mr. Roybal: How does your Dropout Prevention program address the special needs of Hispanic students?

Mr. Bonner: Through our Dropout Demonstration program proposed for 1991, we hope to fund a number of programs that will specifically address the severe dropout problems being experienced by school districts that enroll large numbers of Hispanic children. Grants will be awarded on a competitive basis to applicants proposing the most promising approaches to dealing with dropout problems. A survey of our existing (1988-1989) dropout prevention projects shows that for the 75 grantees reporting, Hispanic students account for 19 percent of all the students being served.

Mr. Roybal: What bilingual components are included as part of the program?

Mr. Bonner: The authorizing statute specifically authorizes the use of funds for the development and implementation of activities designed to address language deficiencies. Local projects are supporting these activities as they are needed to assist students at risk of dropping out of school and to help dropouts reenter school.

MAGNET SCHOOLS

Mr. Roybal: What role are private corporations playing in assisting magnet schools through the provision of personnel and equipment? Is this a proper role for corporations to play?

Mr. Bonner: Some of the 1989 magnet schools grant recipients have entered into collaborative arrangements with private corporations to spark social and economic development in their communities. Corporate partners are providing personnel, resources, student internships, mentoring, tutoring, and field trips, and have taken particular interest in reaching "at risk" students. For example, the Long Beach Unified School district is working with several aerospace technology firms to expand its aviation technology program and to prepare students for jobs and continuing education in high technology and aerospace. The participating corporations are providing training specifications, equipment, materials, and other resources to the school district. The program's graduates will be qualified for entry-level production positions; may enter Long Beach Community College for two years of additional training that is also designed to fill existing positions; or may enter California State University and obtain employment in the industry after receiving a degree. We believe that collaborative programs benefit both the students, by providing them with training and employment opportunities, and the participating corporations, by providing them with a qualified workforce.

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[1] Estimate.

THE SCIENCE CONSORTIUM

Mr. Roybal: The Science Consortium, composed of the Lawrence Berkeley Laboratory, Jackson State University, and the Ana G. Mendez Foundation focuses on directing gifted minority students into science and engineering. The funding for this consortium comes primarily from the Department of Energy. What role does your office play in programs such as the Science Consortium and other similar programs designed to direct students into science and math curriculums?

Mr. Cross: There is a great deal of direct and indirect support for such efforts in OERI. For example:

- Eisenhower National Program funds are used to support a consortium involving the National Science Teachers Association, the California State Department of Education, the City of Houston, and about 25 local educational agencies. The purpose of the consortium is to restructure the entire science curriculum, and one specific objective is to attract more females and minorities to the study of science.

- In another effort supported by Eisenhower National Program funds, the City College Workshop Center in New York City is working with a number of community school districts in Harlem and the Bronx to increase substantially the participation of all their students in science and mathematics.

- For the 1990 Eisenhower National Programs competition, applications were invited for projects to train teachers to serve better those underrepresented and underserved in mathematics and science, projects aimed at diminishing the high rate of mathematics and science avoidance that begins in the elementary grades, and projects for increasing the achievement and college readiness of students, particularly those in inner-city and rural schools. These applications are currently being reviewed.

Efforts are also being made elsewhere in the Department. For example, under the Eisenhower State Grants program, which is administered by the Office of Elementary and Secondary Education, several State and local educational agencies provide funds for the Mathematics, Engineering, and Science Achievement (MESA) program, which is especially directed at increasing the participation of Hispanic youth in mathematics and science. At the postsecondary level, the Patricia Roberts Harris graduate fellowships program supports fellowships for graduate and professional students from groups traditionally underrepresented and underserved in higher education in areas of high national need. The top four areas of national need in 1989 were the life sciences, law, the physical sciences, and engineering.

COORDINATION OF MATH AND SCIENCE PROGRAMS

Mr. Roybal: Is there any coordination between the Department of Education and other Departments and agencies in the area of improving science and math capabilities among our students? If not, why not?

Mr. Cross: There has been significant coordination among agencies on science and math issues, and increased attention is being paid to improving science and math capabilities among our students. Coordination has not only occurred among agencies in Washington, but has been strongly encouraged by the Department among programs operating in the States and in local educational agencies. Our immediate plans call for enhancing and expanding coordination in several ways. First, I have been designated as the liaison with NSF. For the first time, the Department has designated a senior officer as an official contact. Secondly, a number of agencies are being contacted to participate in the Department of Education's Math and Science Task Force, which was established to coordinate math and science policy in the Department. Already, Energy, HHS, and NASA have participated, and others are expected to join in shortly. Third, the Department has been named to a new Committee on Education and Human Resources of the Federal Coordinating Council on Science, Engineering and Technology (FCCSET) under the White House Science Advisor, which was formed to coordinate policy across the Executive Branch. This is the first time that the Department has served on FCCSET.

CHAPTER 2 BLOCK GRANT PROGRAM

Mr. Early: The 1990 language provided for a one-time evaluation study of the Chapter 2 Block Grant Program. The Administration for FY 1991 ~~wants to~~ include language that would provide funds to continue and broaden the study of the block grant. What will this expanded study accomplish?

Mr. Bonner: The 1990 Appropriations Act earmarked funds for a study of effective schools programs mandated by section 6206 of P.L. 100-297. The 1991 request includes additional funds to extend that study to provide comprehensive information on the entire range of State and local programs supported by Chapter 2 to inform the next reauthorization, and to determine if the 1988 amendments to the program have had their intended effect.

Mr. Early: Funding for Chapter 2 State block grants, after the FY 1990 sequester, fell below the FY 1989 appropriations amount. What impact did this lower funding have on the children served in FY 1989? How many children were served in FY 1989? How many children will be served in FY 1990?

Mr. Bonner: The Department does not currently have an estimate of the number of children served by Chapter 2. However, beginning this year, States are required to submit an annual report to the Department that includes this information. In all likelihood, the $7.3 million decrease in 1990 caused the elimination of some State and local programs and a reduction in scope of others, and thereby a reduction in the number of students served.

NDN FUNDING LEVEL FOR 1991

Mr. Early: The National Diffusion Network has proven to be effective in identifying and disseminating information about programs that work. However, the Administration asked to reprogram $205,000 of the NDN's appropriation for FY 1990. The request was rejected by this committee. Is the Administration still going to request funding for NDN at $12,632,000, which is $205,000 less than last year's appropriation?

Mr. Cross: Yes, the Administration's request for $12,632,000 will stand. At that level, funds would still be available for new awards.

Mr. Early: What impact will this lower funding have on the activities supported by NDN?

Mr. Cross: It will have no impact on the total number of projects reported in our 1991 budget.

Mr. Early: How many new awards will be able to be made for FY 1991?

Mr. Cross: We expect to make 8 new awards in 1991-- 5 developer/demonstrators and 3 dissemination process projects -- as well as 80 continuation awards.

INEXPENSIVE BOOK DISTRIBUTION

Mr. Early: The Administration requested reprogramming $21,000 of the Inexpensive Book Distribution FY 1990 appropriations. The request was rejected by this committee. Is the Administration still going to request funding for the Inexpensive Book Distribution program at $8,555,000, which is $21,000 less than last year's appropriation?

Mr. Bonner: Our 1991 request for the Inexpensive Book Distribution program is not a decrease. The request remains at $8,914,000, which is $338,000 more than the 1990 appropriation of $8,576,000.

Mr. Early: What impact will this lower funding have on this program for FY 1991?

Mr. Bonner: Again, our 1991 request of $8,914,000 is an increase, not a decrease. The requested funds will support the distribution of approximately 6,690,000 books to 2,230,000 children.

Mr. Early: It has come to my attention that when the RIF program comes to a local school to distribute books, teachers are not allowed to interfere with the choice of books a child makes. If this is true, what other steps can be taken to prevent children from picking books that are inappropriate for their age and abilities?

Mr. Bonner: Local book distribution (RIF) projects have book selection committees consisting of parents, teachers, and librarians that order the books to be distributed at their site. These Committees order a range of books appropriate for the age and abilities of the children participating in the program. The children are then allowed to choose freely among these books. No other steps need to be taken.

BLUE RIBBON SCHOOLS

Mr. Early: The Administration requested reprogramming of $379,000 from funds appropriated for other national programs for Blue Ribbon Schools. This request was rejected. What impact did the inability to reprogram funds have on this program?

Mr. Cross: The most serious impact of reduced funding has been the need to cut back from two site visitors to one visitor for each of the 243 elementary schools selected for a visit this year. Three years ago, the number of site visitors was increased from one to two to ensure a more thorough and fair review of each school. The role of site visitors is to verify that information in a school's nomination form is accurate and to gather first-hand information on the quality of classroom instruction and the school climate. Site visitors thus provide the necessary quality control to ensure that schools recognized nationally are indeed exemplary schools.

Mr. Early: Since the request was denied for the reprogramming of funds, is the Administration still going to request funding for this program at $873,000, an increase of $379,000 over FY 1990 appropriation? How will this extra money be used?

Mr. Cross: The Administration is requesting $873,000 for this program in 1991. The additional $379,000 will allow the reinstatement of two site visitors and avoid the need for; (1) reducing again the initial number of schools each State and the Council for American Private Education can nominate; and (2) setting a limit on the number of schools that can be visited. Since the Blue Ribbon Schools Program is an important school improvement strategy, we would like to encourage rather than constrain participation.

DRUG-FREE SCHOOLS AND COMMUNITIES PROGRAM

Mr. Early: A total of $354,500,000 was appropriated for FY 1989 for Drug-Free Schools and Communities. For that amount, what specific accomplishments were achieved?

Mr. Bonner: The specific accomplishments achieved by the Drug-Free Schools and Communities program include, but are not limited to, the following:

- o Formula grants to every State and Territory, which supported drug prevention education programs in 80 to 90 percent of the Nation's school districts;

- o Formula grants to the Nation's Governors, which supported community-based drug prevention programs, including programs directed at "high-risk" youth;

- o Fifty-six grants averaging $125,000 to establish, expand, or enhance programs and activities for the training of teachers and other educational personnel in drug and alcohol abuse education;

- o Fifty-six grants averaging $248,000 to provide training for law enforcement officials, judicial officials, community leaders, parents, and government officials in drug abuse education and prevention to benefit students in elementary and secondary schools;

- o One hundred seventy-six grants averaging $78,000 to develop, implement, operate, and improve programs of drug abuse education and prevention for students enrolled in institutions of higher education;

- o Direct support for alcohol and drug abuse education and prevention programs for Indian children on reservations served by the Department of the Interior;

- o Support for alcohol and drug abuse education and prevention programs for the benefit of Hawaiian Natives;

- o Cooperative agreements with five regional centers to provide training and assistance to, and coordination among, State and local educational agencies and institutions of higher education; and

- Support for a broad range of discretionary Federal activities including:
  - Forty-two grant awards averaging $145,000 for exemplary programs of drug and alcohol abuse education and prevention;
  - The Drug-Free School Recognition program;
  - The Network of Drug-Free Colleges and Universities;
  - A descriptive study of the implementation of State and local programs funded under the Drug-Free Schools and Communities Act;
  - A study of promising substance use education and prevention programs funded or identified by the Department;
  - The Department's bimonthly newsletter, The Challenge;
  - The National Clearinghouse for Alcohol and Drug Information (in cooperation with the Department of Health and Human Services);
  - A new handbook for parents entitled, Growing Up Drug Free: A Parent's Guide to Prevention;
  - A revised, second edition of the Department's handbook Schools Without Drugs (including a Spanish edition); and
  - Beginning the development of drug abuse education and prevention curricula, programs, and training materials for use in early childhood education.

IMPACT OF DRUG-FREE SCHOOLS PROGRAM ON CHILDREN

Mr. Early: How much of an impact does a school drug program have on a child who is in school for only six hours a day, five days a week, yet faces the drug world everyday and every hour they're not in school?

Mr. Bonner: In all likelihood a drug program that is isolated at the school level will have less impact than a comprehensive program that is community-wide and involves schools, parents, youth, law enforcement, local business, and other broad-based support. However, a school-based component of such a program is important. Schools can establish and enforce strong policies against drug use, teach that drug use is wrong and harmful, and reach out to the community for support and assistance in making the community's anti-drug program work.

EISENHOWER MATHEMATICS AND SCIENCE EDUCATION

Mr. Early: The appropriation for the Eisenhower program for both State grants and national programs for FY 1990 was less than the appropriation for FY 1989. What impact did this lower funding have on the Eisenhower program?

Mr. Bonner: For the State Grant program, the decrease in funding from $128.4 million in 1989 to $126.8 million in 1990 resulted in a reduction of nearly $31,000 in the average State grant. The appropriation for the National Programs was reduced by $111,000.

FUND FOR THE IMPROVEMENT AND REFORM OF SCHOOLS AND TEACHING

Mr. Early: How many new awards will be awarded for FY 1991 for FIRST Family-School Partnerships?

Mr. Cross: We estimate that sufficient funds would be available to support about 14 new awards in 1991. The remaining funds would be used to continue about 18 awards begun in 1989 or 1990.

Mr. Early: Is there any coordination between FIRST Family-School Partnerships and the Even Start program?

Mr. Cross: The staff of both the Even Start Program and the Family-School Partnerships Program have worked closely to coordinate the implementation of the two programs. We will continue to encourage contact and coordination between grantees from the two programs.

Mr. Early: If so, could you give me any details on how the coordination between these two programs works?

Mr. Cross: Staff of the Family-School Partnerships Program and the Even Start Program have met on a regular basis to discuss areas of mutual interest. Information on Even Start was shared with representatives of funded projects at the Family-School Partnerships Project Directors' meeting in December 1989. A representative from Chapter 1 shared information about Even Start with the FIRST Board when they met to discuss priorities for 1990 competitions.

As a result, the FIRST Board recommended that the following invitational priorities be included in the Notice Inviting Applications for New Awards for 1990 for the Family-School Partnerships Program, which was published in the Federal Register January 31, 1990.

"The Secretary is particularly interested in projects that:

-- Demonstrate close cooperation with the Chapter 1 Program in participating schools and with its parent involvement component; and

-- Build on existing innovative family involvement programs in order to further develop, evaluate and disseminate these programs."

LEADERSHIP IN EDUCATIONAL ADMINISTRATION (LEAD) PROGRAM

Mr. Early: The Administration is requesting a change in the language for the LEAD program. Does this change have anything to do with the Administration's desire to discontinue this program when it expires in September of 1993?

Mr. Cross: The six Insular Area LEAD centers were first funded a year after the other 51 LEAD awards were made, and they will continue operation one year later. The change of language will permit funding their fifth and sixth (final) years, along with the sixth (final) year of the other 51 awards, from a single appropriation, and avoid the need for a very small fiscal year 1992 appropriation for just those six centers. The Administration is committed to administering the LEAD program according to the provisions of law, which now call for grants of up to six years, with the final three years funded at a reduced level. The Administration believes the intent of the LEAD Act will have been met at the conclusion of these awards.

MAGNET SCHOOLS

Mr. Early: The Administration is requesting level funding for FY 1991 at $113,189,000 for Magnet Schools in Desegregating Districts, and then requests $100 million for Magnet Schools of Excellence, which do not require any desegregation plan. Is this a shift by the Administration away from using magnet schools as a means for desegregation?

Mr. Bonner: The proposed Magnet Schools of Excellence program does not represent a lessening of the Administration's support for the existing Magnet Schools Assistance program, which supports magnet schools for desegregation purposes. However, many school districts have also used magnet schools to improve educational quality, increase both students' and parents' choices, and enhance the reputation of their schools. Federal funds should, therefore, be made available for magnet school programs not only to further school desegregation, but also to enable school districts to design and implement magnet school programs that promote open enrollment and that focus on academic excellence in disciplines that are of critical importance to the Nation's economic competitiveness.

Mr. Early: How many schools will be funded under Magnet Schools in Desegregating Districts for FY 1991?

Mr. Bonner: For 1991, we are requesting $113.2 million for Magnet Schools in Desegregating Districts. At this funding level, we estimate that approximately 54 school districts would receive average awards of just over $2 million under a new competition. It is not possible to estimate the number of individual schools that would be funded in 1991.

Mr. Early: How many schools will be funded under Magnet Schools of Excellence for FY 1991?

Mr. Bonner: For 1991, we are requesting $100 million. We estimate that 50 school districts would receive awards averaging $2 million each. Again, it is not possible to estimate the number of schools within these districts that would be supported.

HOMELESS CHILDREN AND YOUTH

Mr. Early: What data does the Department have on the number of school age children who are homeless?

Mr. Bonner: The Department will be submitting a report to the Congress in March of 1990 showing that for 1989, States estimated they had about 273,000 homeless school-aged children. Of this number, the States estimated that, at the time of the count, about 28 percent of these students were not attending school. I should emphasize that the process of counting children who are homeless is fraught with problems and, while the States have done an admirable job, these numbers should be seen as estimates only.

Mr. Early: Is the Administration's request of $5 million for grants for State activities enough to have any real impact on getting these children the education they need?

Mr. Bonner: The $5 million State grant program for Education for Homeless Children and Youth does not provide direct educational services for these children. However, every State educational agency receives funds from this program to gather data on the number and location of homeless children in the State, document problems these children are having with access to public education services and facilities, mediate jurisdictional disputes among local school districts, and implement their State plans to remove barriers and ensure that homeless children have full access to public education. We believe this program provides a needed service for homeless children and youth.

The new program of Grants for Exemplary Programs, first funded in 1990, will provide direct benefits for those children through projects funded at the school district level and dissemination activities that will inform State and local agencies about successful practices.

I would also like to point out that the $5 million requested for State grants and the $2.5 million requested for exemplary programs represent full funding for the elementary and secondary education programs authorized by the Stewart B. McKinney Homeless Assistance Act.

DROPOUT PREVENTION

Mr. Early: The dropout rate in some cities has reached almost 50 percent. What specific programs have been successful in alleviating this problem?

Mr. Bonner: While researchers agree that different combinations of strategies are likely to be effective with the diverse groups of at-risk students, there are a number of promising exemplary models for dropout prevention. For example:

- The Model School Adjustment Program in Florida provides middle school students with peer tutoring, counseling, and family counseling on effective parenting skills.
- The Peninsula Academies in California are three-year school-within-a-school programs that integrate academic and vocational education and include school/business partnerships that provide employment opportunities.
- Project COFFEE in Massachusetts is an alternative school that includes an individualized academic component, a vocational education component, and work-related experience with local businesses and the community.
- Operation Rebound in Illinois serves dropouts 16 to 21 years of age, providing individualized academic remediation, counseling, tutoring, attendance incentives, work experience, and services for the criminal offender.

However, we need to replicate these and other models to verify that these promising strategies will work in different educational settings and with students who are at risk of dropping out for varying reasons.

Mr. Early: If the Dropout Prevention reauthorization is not passed, what effect will that have on the current dropout prevention programs?

Mr. Bonner: The Congress has passed and the President has signed a bill to reauthorize the Dropout Prevention Demonstration program. Projects funded under the previous authorization received funding for two years only, 1988 and 1989. Our request for funds under the reauthorized program will support a new competition in 1991.

FOLLOW THROUGH

Mr. Early: The Administration is proposing no funding for the Follow Through program and is proposing no new authorizing legislation, even though this program has been proven effective in maintaining the gains made in programs such as Head Start. Is the Administration proposing any new initiatives to replace this program? If not, why should we invest money in Head Start if the gains made are going to be lost?

Mr. Bonner: No new initiatives are needed. Activities to improve educational programs for children in early elementary grades can continue under broader programs such as Chapter 1 grants to local educational agencies (requested at $5 billion for 1991) and Chapter 2 State block grants (requested at $474.4 million). Also, the Department requests doubling the size of the Even Start program, which addresses the same goals as Follow Through, to $48 million for 1991. These continued investments should help sustain the gains made by the Head Start program.

The Department believes that the basic objectives of the Follow Through program have been met. Outstanding model programs have been developed, refined, and disseminated. In fact, the National Diffusion Network has disseminated Follow Through projects and can continue to do so when the program is terminated as a separate categorical grant program.

MAGNET SCHOOLS

Mr. Hoyer: What is the authorization level for the current Magnet Schools Assistance program, and do you at any time anticipate a need for increasing the requests for that appropriation?

Mr. Bonner: The Magnet Schools Assistance program currently has an indefinite authorization level. For 1990, $113,189,000 was appropriated. For 1991, the Administration has requested level-funding for the program. Future budget requests will be determined through our internal budget formulation process in conjunction with the Office of Management and Budget.

Mr. Hoyer: The Prince George's magnet program is regarded as among the best in the country, and one of the reasons for its success is the fact that they have learned from their experience of using magnets as lab schools. They have dealt with the inevitable problems that arise when massive resources are "diverted" to a few programs within a system.

I understand the need to support new programs through the magnet program, but isn't it the case that experience is penalized in the competition for these funds?

Mr. Bonner: Under the statute, as reauthorized by the Hawkins-Stafford Amendments, no consideration may be given to whether a school district has previously received funds under the program in competing for the first $75 million appropriated for the Magnet Schools Assistance program. However, for funds appropriated in excess of $75 million, the Secretary is required to give preference to school districts that did not receive awards in the previous fiscal year. In 1989, the first competition under which these new provisions applied, 28 grantees had been previously funded under the program. Of these, 14 school districts received preference, having received awards in the first (1985-86) competition, but not in the second competition (1987-88). In addition, 26 school districts were first-time grant recipients.

We believe that the preference given to new districts, for amounts in excess of $75 million, provides a needed focus for the program on spreading the magnet school concept and building the capacity of school districts to operate magnet schools on their own. We do not believe the program should be structured so as to fund the same magnet schools, year after year, in the same districts.

Mr. Hoyer: Shouldn't the Federal Government use and disseminate the experience of systems like Prince George's which have become more adept at handling very serious sometimes divisive equity issues that arise when implementing a magnet program?

Mr. Bonner: In 1990, the Department will conduct a comprehensive assessment and evaluation of magnet school programs including the identification of successful projects. The results of this study, which are expected in 1992, will be disseminated widely.

STATE BLOCK GRANTS

Mr. Hoyer: Although the justification includes information that indicates that local education programs generally have no particular focus or target student population or grade level, aside from the area of curriculum development there appears to be no effort for system-wide reform (one of the Secretary's priorities). Is the program design not really applicable for systems reform?

Mr. Bonner: The accomplishments data included in the justification are based on Chapter 2 as it was authorized and implemented under the Education Consolidation and Improvement Act of 1981. The program has since been reauthorized as part of the Elementary and Secondary Education Act and is more focused than was the case under the previous law. State educational agencies are now required to use a portion of their 20 percent set-aside funds for "effective schools" programs as defined in the legislation, and programs designed to carry out schoolwide improvement, including "effective schools," are specifically authorized as a use of local funds as well. The program is a good vehicle for systemic reform;

however, several other school improvement activities are authorized under Chapter 2, and State and local educational agencies have the discretion to choose among these activities.

Mr. Hoyer: What is the percentage increase in the State block grant program for FY 1991?

Mr. Bonner: The 1991 request of $475,405,000 would be a 4 percent increase over the 1990 level of $457,198,000.

Mr. Hoyer: Does the Education Department have any data on how much of the 20 percent of State grants that may be retained by States is actually passed through to local education agencies and whether it is being used for systems reform?

Mr. Bonner: Later this year the Department will contract for a study to examine the extent to which the Chapter 2 program has supported "effective schools" programs. In addition, funds are requested in the 1991 budget to extend this study to examine the full range of State and local programs funded under Chapter 2. Data currently available to the Department on the use of Chapter 2 State set-aside funds are several years old and based on a five-State study of the program as it was authorized under the Education Consolidation and Improvement Act. According to these data, many States passed a portion of their set-aside on to local educational agencies (anywhere from 1 to 63 percent of the 20 percent the State may retain) for specific projects. No data are available on the extent to which these funds were used for systemic reform.

FUND FOR INNOVATION IN EDUCATION

Mr. Hoyer: Under the Fund for Innovation in Education, there is only $3.7 million for innovation in education in FY 1991, the same as for FY 1990. Could you explain whether these funds are available for more systematic reform efforts, and if so why there is no increase requested for these projects?

Mr. Cross: In 1989, we placed a high priority on supporting educational reform at the State and local level and supported several projects that will continue through 1991. In addition, we will conduct one or two competitions in 1991 and make about 15 new awards. Level funding of the program would provide enough funds for a substantial new effort in 1991, but only if funds are not earmarked for the five distinct programs under the Fund for Innovation in Education.

NDN AND SCHOOL REFORM

Mr. Hoyer: Several Prince George's county schools have adopted programs disseminated by the National Diffusion Network, and system officials in the State of Maryland have had a very positive reaction to the program. The President's budget zeroes the Follow Through program and indicates that one of the reasons is that the NDN can disseminate the programs that were developed under Follow Through.

Since there appears to be so little in the way of resources at the Federal level for school reform, I am curious as to why the NDN isn't a higher priority?

Mr. Cross: It is always difficult to establish priorities among programs when funds are limited. However, given the 16 percent increase provided to NDN in 1990, we think that there are adequate funds available in 1990 and 1991 for the dissemination of new projects. In 1990, we will have about $3.4 million available for new awards and will support 51 new developer/demonstrators. This, coupled with about $630,000 for 8 new awards in 1991, constitutes a large infusion of funds for new projects in a short period of time. Another factor to be considered is the limited number of new projects coming into the system with evaluation data sufficient to demonstrate proven effectiveness and gain certification by the Program Effectiveness Panel.

MERIT AND BLUE RIBBON SCHOOLS

Mr. Hoyer: Blue Ribbon Schools are authorized at $1.5 million as a Chapter 2 set-aside under the Secretary's discretion. The program appears to reward schools that are achieving genuine success in reaching goals for student achievement. What is the difference between the Blue Ribbon Schools and the merit schools concept which I fear may not be an appropriate use of Chapter 1 funds?

Mr. Cross: Although funding for Presidential Merit Schools is requested under the same account as the Chapter 1 programs, Chapter 1 funds would not be used for this new program. The Presidential Merit Schools program would be a State-administered program providing monetary awards to schools successful in helping large numbers of disadvantaged students achieve academically. The Blue Ribbon Schools Program is a national program that identifies a wide variety of public and private schools that are effective in educating their students.

Major differences between Blue Ribbon Schools and the proposed Presidential Merit Schools program include:

- Unlike Blue Ribbon Schools, Presidential Merit Schools would provide a financial reward, and thus a major incentive, for improved educational performance at the school level. Blue Ribbon Schools receive no monetary award.

- The Blue Ribbon Schools program recognizes both schools that have already succeeded, and those that are making significant improvements. Presidential Merit Schools would target exclusively on schools

that are making improvement, often under the most trying of circumstances, in such areas as significantly reducing the dropout rate, ridding campuses of drugs, or greatly increasing student achievement and test scores.

- Blue Ribbon Schools focuses on educational effectiveness generally and, within that context, identifies schools that have especially good programs in annually selected priority areas, such as geography or reading. Presidential Merit Schools would focus on specific key areas -- improvement in student achievement, success in lowering the dropout rate, and progress in creating a safe and drug-free environment -- that are central to our national goals for elementary and secondary education.
- The Blue Ribbon Schools program, while it recognizes a broad variety of schools, does not concentrate exclusively on schools serving disadvantaged populations. Presidential Merit Schools -- through its use of the Chapter 1 formula, its tie-in with the Chapter 1 goal-setting process, and its encouragement for States to give special consideration to schools serving large numbers or concentrations of low-income children -- would target those schools and would thus be a natural complement to Chapter 1.

Mr. Hoyer: Why is the Department requesting less than $900,000 for Blue Ribbon Schools?

Mr. Cross: The $873,000 the Department is requesting represents our best estimate of the cost of operating the 1990-91 Secondary School Recognition Program effectively and efficiently.

ALTERNATIVE TEACHER CERTIFICATION

Mr. Hoyer: The President's Alternative Teacher Certification proposal provides $25 million (or grants of between $2.5 million and $480,000 per State) for States to develop alternative certification for recruiting talented professionals outside the teaching profession. The idea has merit.

Can you explain why it is that the Department is opposed to the National Board for Professional Teaching Standards, a $5 million program that would help establish broad-based voluntary standards of teacher performance and certification that would help us ensure competence among those already working in our schools?

Mr. Cross: We are pleased that you support our alternative certification proposal. We believe that such programs can be instrumental in attracting more individuals and more minorities who are well qualified in their subject areas, particularly in mathematics and science, where there is a critical need. Our $25 million request is not a large amount, given that all of the States could participate.

We would like to see the National Board for Professional Teaching Standards accomplish its stated mission. We believe it could have an important role to play, if handled effectively, and, in time, stimulate important improvements in American education. It could perhaps also raise the standards of the profession as a whole, help stimulate changes and improvements in the preparation of teachers, lead to higher salaries for excellent teachers, and thereby create incentives for teachers to excel. It could perhaps even lead to greater numbers of talented individuals pursuing teaching as a career.

The Board, as it is presently constituted, is a private organization that operates with total independence from the Federal Government, and we believe that that is the way it should remain. We support the Board's stated objectives; however, we believe it would be highly inappropriate to support its funding in the manner proposed. We have three major concerns about Federal funding for the Board. First, the Department, as a rule, opposes sole source contracts, particularly when the recipient of Federal dollars does not have an established track record and the money is to be used for unspecified research and development activities. Second, the proposal under consideration lacks accountability to the Secretary of Education. Third, the funds requested by the Board ($25 million) are excessive, and the research would likely duplicate research activities that are currently under way or that are planned by the Department.

NATIONAL DIFFUSION NETWORK

Mr. Porter: I am disappointed that the Administration is requesting level funding for the National Diffusion Network (NDN). Last year I asked about the effectiveness of NDN programs. The Department replied that NDN developer/demonstrator and dissemination process projects are at least as effective at adoption sites as they are at the developer sites. In addition, I was told that 80 percent of adopting schools continue their NDN programs for at least four years.

Clearly, NDN gets a lot of bang for the buck. Although the Administration is requesting an 18 percent increase for School Improvement Programs, most of this money is going to new, untested categoricals. By contrast, NDN, with a track record of demonstrated effectiveness, is level funded. That represents a 4 percent real cut in funding, and will result in a reduction of 13 developer/demonstrator grants.

How will these cuts affect developer/demonstrator and dissemination process projects?

Mr. Cross: Compared with the 1990 impact data, we estimate a decrease of 16 developer/demonstrator grants and an increase of one dissemination process project in 1991. Although these numbers alone appear to reflect a program decrease, they do not take into consideration our proposed increase for NDN's technical assistance contract, which is vital to the successful operation of the program. This contractor not only is the major source for bringing high-priority projects into NDN but also strengthens the working relationships between NDN program staff, developer/demonstrators, and State facilitators. Our 1991 request would provide over $800,000 for technical assistance, compared to the $142,000 we plan to spend on this activity in 1990.

Mr. Porter: Does this request allow for any increases in allocations to current grantees?

Mr. Cross: We have no plans to increase the awards for continuation grantees in 1991, although some of the funds designated for new projects could have been designated for that purpose.

Mr. Porter: How many validated projects were unfunded in 1989? How many are unfunded in 1990? How many do you predict will go unfunded in 1991 under this request?

Mr. Cross: In 1989, there were 39 validated projects in NDN which were unfunded, and we estimate there will be 45 in 1990 and 50 in 1991. However, over half of these projects have received NDN funding in prior years and, therefore, have already disseminated their programs widely. All of these projects, along with the funded ones, are included in the catalog, "Educational Programs That Work," and many are actively disseminating information even without Federal aid.

Mr. Porter: How many grants went for new projects in 1990? How many were for continuation of previous projects?

Mr. Cross: All grant awards have not been made for 1990. It is estimated that 51 new and 52 continuation grant awards will be made to developer/demonstrators and dissemination process projects this year.

Mr. Porter: Please submit information showing how many grants were new, and how many were for continuing projects for each of the last five years.

Mr. Cross: The information follows:

Year	New Awards	Continuations	Total
1985	15	81	96
1986	16	65	81
1987	24	60	84
1988	36	40	76
1989	29	52	81

DISSEMINATION OF FOLLOW THROUGH PROJECTS

Mr. Porter: Last year I asked about the Follow Through program, and the potential for developing a dissemination structure for Follow Through similar to the one used by NDN. The Department replied that the NDN dissemination structure could accommodate Follow Through projects once Follow Through is terminated as a categorical. However, this year you propose to zero out Follow Through and to cut 13 NDN developer/demonstrator grants. How do you reconcile these positions?

Mr. Cross: It is true that NDN can accommodate Follow Through programs that have been rigorously evaluated and have current Program Effectiveness Panel (PEP) approval for dissemination by the NDN. About ten years ago, more than a dozen Follow Through programs were disseminated by NDN with joint funding by Follow Through and NDN.

To remain eligible to receive NDN grant awards for dissemination, a program must submit new evaluation data to the PEP every six years and obtain approval. At present, there are six Follow Through programs that have current PEP approval and are eligible to compete for NDN funding.

These six programs may receive NDN grant awards in fiscal year 1990 or 1991 if they successfully compete in their content areas. We expect to make 51 new developer/demonstrator awards in 1990 and another 5 in 1991.

NDN PROGRAMS IN ILLINOIS

Mr. Porter: Please provide a list of school districts in Illinois that have installed NDN programs in 1989-1990.

Mr. Cross: Data for this school year are not available; however, 701 public and 91 non-public schools in Illinois installed NDN programs during the past year. I will provide you with a list of these schools, including the districts in which they are located.

JUSTIFICATION OF THE BUDGET ESTIMATES

DEPARTMENT OF EDUCATION

School Improvement Programs

Fiscal Year 1991 Budget Request	Page No.
Appropriation language	C-1
Explanation of language changes	C-4
Language analysis	C-6
Amounts available for obligation	C-11
Budget authority by activity	C-12
Budget authority by object	C-15
Summary of changes	C-16
Authorizing legislation	C-20
Table of estimates and appropriations	C-26
Significant items in congressional appropriations reports	C-27
Justification:	
Account summary	C-33
Activities:	
1. Educational improvement:	
a. State block grants	C-37
b. National programs:	
(1) National Diffusion Network	C-42
(2) Inexpensive book distribution	C-45
(3) Arts in education	C-47
(4) Law-related education	C-50
(5) Blue ribbon schools	C-52
2. Drug-free schools and communities:	
a. State grants	C-54
b. School personnel training	C-59
c. National programs	C-61
d. Emergency grants	C-68
e. National Commission on Drug-Free Schools	C-70
3. Strengthening teaching and administration:	
a. Eisenhower mathematics and science education:	
(1) State grants	C-74
(2) National programs	C-78
b. Fund for the Improvement and Reform of Schools and Teaching:	
(1) Grants for schools and teachers	C-80
(2) Family-school partnerships	C-83

DEPARTMENT OF EDUCATION

School Improvement Programs — Continued

Fiscal Year 1991 Budget Request ... Page No.

  - c. Territorial teacher training ... C-86
  - d. Leadership in educational administration ... C-89
  - e. Christa McAuliffe fellowships ... C-91
  - f. Mid-career teacher training ... C-94
  - g. Alternative certification of teachers and principals ... C-96
  - h. Presidential awards for excellence in education ... C-98
- 4. Magnet schools assistance:
  - a. Magnet schools in desegregating districts ... C-100
  - b. Magnet schools of excellence ... C-104
- 5. Fund for Innovation in Education ... C-106
- 6. Javits gifted and talented students education ... C-109
- 7. Education for homeless children and youth:
  - a. Grants for State activities ... C-111
  - b. Grants for exemplary programs ... C-113
- 8. Women's educational equity ... C-115
- 9. Training and advisory services ... C-118
- 10. Dropout prevention demonstrations ... C-121
- 11. General assistance to the Virgin Islands ... C-126
- 12. Ellender fellowships ... C-128
- 13. Follow through ... C-130
- 14. Star schools ... C-132
- 15. Education for Native Hawaiians ... C-134
- 16. Secondary school basic skills demonstrations ... C-143
- 17. Educational partnerships ... C-145

State tables ... C-147

SCHOOL IMPROVEMENT PROGRAMS

For carrying out the activities authorized by chapter 2 of title I[,] and titles II, III, IV, V, and [part B[1/] of title] VI[2/] of the Elementary and Secondary Education Act of 1965, as amended; the Stewart B. McKinney Homeless Assistance Act; the Civil Rights Act of 1964; title V of the Higher Education Act, as amended; part B of title III [and title IV][3/] of Public Law 100-297; [section 5051 of Public Law 100-690;[4/] section 6115][5/] and chapter 5 of subtitle A of title VI of Public Law 100-418[; and the Follow Through Act,[6/] $1,232,895,000], $1,704,916,000, of which [$899,494,000] $1,193,039,000 shall become available on July 1, [1990] 1991, and remain available until September 30, [1991, and $2,500,000 shall be for evaluation studies] 1992, and $370,000 shall become available on July 1, 1991, and remain available until September 30, 1993.[7/] Of the total amount appropriated, $1,000,000 shall be for an evaluation study of the [magnet schools and] chapter 2 block grant [programs] program;[8/] [$8,892,000 shall be for national program activities under section 2012 and $128,440,000 shall be for State grants under part A of title II of the Elementary and Secondary Education Act;[9/] $3,964,000] $3,915,000 shall be for grants for schools and teachers under subpart 1 and [$4,500,000] $4,443,000 shall be for family-school partnerships under subpart 2 of part B of title III of Public Law 100-297;[10/] [and $31,084,000] $31,215,000 shall be for national programs under part B and [$461,477,000] $474,405,000 shall be for State and local programs under part A of chapter 2 of title I of the Elementary and Secondary Education Act[.]; and, under title V of the Elementary and Secondary Education Act of 1965, $483,584,000 shall be for State grants under part B, $4,035,000 shall be for grants to Outlying Areas under part B, $14,554,000 shall be for school personnel training under part C, $66,127,000 shall be for national programs under part D, of which $28,371,000 shall be for section 5131, $17,413,000 shall be for section 5132, $3,653,000 shall be for section 5133, $731,000 shall be for section 5134, and $15,959,000 shall be for section 5135, and $25,000,000 shall be for emergency grants under section 5136.[11]

For carrying out a new program of Presidential Awards for Excellence in Education to provide awards of up to $5,000 each to excellent public and private elementary and secondary school teachers in every State, selected during annual competitions in accord with criteria established by the Secretary of Education, $7,600,000: Provided, That these funds are not available until specifically authorized.[12]

For carrying out a new program of grants to local educational agencies to establish Magnet Schools of Excellence, in accord with criteria established by the Secretary of Education, to foster schools with specialized curricula that are open to students beyond their immediate school attendance areas, that give special recognition to the potential benefits to children from low-income families, and without regard to whether the local educational agency within which such school is to be located is presently implementing a plan for desegregation of minority group segregated children or faculty in the elementary and secondary schools of such agency, $100,000,000: Provided, That these funds are not available until specifically authorized.[13]

For non-renewable grants to States for the additional costs of testing, establishment, implementation, evaluation, or other activities related to alternative teacher and principal certification systems that open entry to teacher and principal positions to individuals with demonstrated knowledge of subject areas and proven administrative competence, in accord with criteria established by the Secretary of Education, $25,000,000: Provided, That these funds are not available until specifically authorized.[14] (Department of Education Appropriations Act, 1990.)

[To ensure a drug free learning environment for American students by carrying out the Drug-Free Schools and Communities Act of 1986, as amended, part F of title IV of the Elementary and Secondary Education Act, as amended, and the Department of Education Organization Act, $183,500,000: Provided, That of this amount $170,000,000 shall be for State grants under part B, which shall become available on July 1, 1990 and remain available until September 30, 1991; $2,000,000 shall be for innovative alcohol abuse programs under section 4607; $7,500,000 shall be for teacher training under part C; $2,000,000 shall be for national programs under part D; and $2,000,000 shall be transferred to "Departmental Management, Program Administration" for administrative costs: Provided further, That of the amounts available for part B, not less than $25,000,000 shall be for section 5121(a) for urban and rural emergency grants:[15] Provided further, That funds available under the "Department of Education Appropriations Act, 1990" for "Rehabilitation Services and Handicapped Research" shall also be available for activities under title II of Public Law 100-407;[16] funds available for "School Improvement Programs" shall also be available for activities under title IX of the Education for Economic Security Act, as amended;[17/] and funds available for "Student Financial Assistance" shall be administered without regard to section 411F(1) of the Higher Education Act of 1965 (20 U.S.C. 1001 et seq.), and the term "annual adjusted family income" shall, under special circumstances prescribed by the Secretary of Education, mean the sum received in the first calendar year of the award year from the sources described in that section.][18/] (Department of Transportation and Related Agencies Appropriations Act, 1990.)

Explanation of Language Changes

1/ This reference to the Secondary School Basic Skills Demonstration program is removed because the program is no longer authorized and funds for it are not included in the budget.

2/ This reference is to the Dropout Prevention Demonstration program. Although Title VI of the Elementary and Secondary Education Act is no longer authorized, legislation to reauthorize the Dropout Prevention program is pending in Congress, and funds for it are included in the budget.

3/ This reference to the Education for Native Hawaiians programs is removed; the budget does not include funds for these programs because they provide services that duplicate those supported under other authorities.

4/ This reference to the National Commission on Drug-Free Schools is eliminated because the Commission will have completed its work by fiscal year 1991.

5/ This reference to Technology Education Demonstrations is removed because funds for the program are requested under the Vocational and Adult Education account.

6/ The reference to the Follow Through Act is removed; the budget does not include funds for this program because it has already accomplished its objectives.

7/ An additional year of availability is provided to cover the final year of funding for the Leadership in Educational Administration program.

8/ The reference to the magnet schools evaluation study is removed, because the study will have been fully funded by fiscal year 1991. However, the budget does include $1,000,000 to continue and broaden the Chapter 2 block grant evaluation that was begun with fiscal year 1990 funds.

School Improvement Programs

Explanation of Language Changes — Continued

9/ This language was needed to provide fiscal year 1990 funds for the Eisenhower Mathematics and Science Education National Programs in excess of the 4 percent allowed by the authorizing statute. The language is not needed in 1991.

10/ This language overrides percentages in the authorizing statute to specify amounts for Grants to Schools and Teachers and Family-School Partnerships, under the Fund for the Improvement and Reform of Schools and Teaching, that differ from percentage allocations specified in the authorizing statute.

11/ This language overrides percentages in the authorizing statute to specify amounts for State Grants, School Personnel Training, the various National Programs, and Emergency Grants under the recently amended Drug-Free Schools and Communities Act. The language is needed to ensure that the increase proposed for Drug-Free Schools and Communities is earmarked for State Grants, Federal Activities, and Emergency Grants.

12/ This language is needed to provide funding for President Bush's initiative of Presidential Awards for Excellence in Education.

13/ This language is needed to provide funding for President Bush's initiative of Magnet Schools of Excellence.

14/ This language is needed to provide funding for President Bush's initiative of Alternative Certification for Teachers and Principals.

15/ This language from the 1990 Department of Transportation and Related Agencies Appropriatons Act is deleted because comparable language requesting funds for programs authorized by the Drug-Free Schools and Communities Act and Title IV, Part F of the Elementary and Secondary Education Act is included in the regular approprations language being proposed for 1991. Funds sufficient to provide for the administration of these programs are requested under the Department's Program Administration account.

16/ This language is deleted because it does not apply to programs in this account. Similar language is included for 1991 under the Rehabilitation Services and Handicapped Research account.

17/ The reference to Star Schools is removed; the budget does not include funds for this program because it has met its objectives and duplicates activities that are allowable under other authorities.

18/ This language is deleted because it does not apply to programs in this account. Similar language is included for 1991 in the Student Financial Assistance account.

School Improvement Programs

Language Analysis

Language Provision	Explanation
... of which [$899,494,000] $1,193,039,000 shall become available on July 1, [1990] 1991, and remain available until September 30, [1991, and $2,500,000 shall be for evaluation studies] 1992...	This language provides for forward funding for the following programs: Chapter 2 State Block grants, Drug-Free Schools and Communities State Grants, Eisenhower Mathematics and Science Education State Grants, Leadership for Educational Administration, Education for Homeless Children and Youth Grants for State Activities, and Ellender Fellowships. The bracketed language also refers to studies conducted with 1990 funds of magnet schools and the chapter 2 block grant.
...$370,000 shall become available on July 1, 1991, and remain available until September 30, 1993.	An additional year of availability is provided to cover the final year of funding for the Leadership in Educational Administration program.
Of the total amount appropriated, $1,000,000 shall be for an evaluation study of the [magnet schools and] chapter 2 block grant [programs] program;...	The 1990 language provided for a one-time evaluation study of magnet schools and for a study of the Chapter 2 Block Grant program. For 1991, the language provides funds to continue and broaden the study of the Block Grant.
...[$8,892,000 shall be for national program activities under section 2012 and $128,440,000 shall be for State grants under part A of title II of the Elementary and Secondary Education Act;...]	This language was needed to provide 1990 funding for the Eisehnower Mathematics and Science Education National Programs in excess of the 4 percent allowed by the authorizing statute.

School Improvement Programs

Language Analysis -- Continued

Language Provision	Explanation
[...$3,964,000] $3,915,000 shall be grants for schools and teachers under subpart 1 and [$4,500,000] $4,443,000 shall be for family-school partnerships under subpart 2 of part B of title III of Public Law 100-297;...	This language earmarks funds for the two programs authorized by the Fund for the Improvement and Reform of Schools and Teaching in a manner that differs from the break-out specified in the authorizing statute.
...[and $31,084,000] $31,215,000 shall be for national programs under part B and [$461,477,000] $474,405,000 shall be for State and local programs under part A of chapter 2 of title I of the Elementary and Secondary Education Act[.];...	This language provides funding for the Chapter 2 National Programs in excess of the 6 percent allowed by the authorizing statute.
...and, under title V of the Elementary and Secondary Education Act of 1965, $483,584,000 shall be for State grants under part B, $4,035,000 shall be for grants to Outlying Areas under part B, $14,554,000 shall be for school personnel training under part C, $66,127,000 shall be for national programs under part D, of which $28,371,000 shall be for section 5131, $17,413,000 shall be for section 5132, $3,653,000 shall be for section 5133, $731,000 shall be for section 5134, and $15,959,000 shall be for section 5135, and $25,000,000 shall be for emergency grants under section 5136.	This language overrides the percentages in the authorizing statute to specify amounts for programs under the Drug-Free Schools and Communities Act so that the increase proposed for the Act is earmarked for State Grants, Federal Activities, and Emergency Grants.

School Improvement Programs

Language Analysis -- Continued

Language Provision	Explanation
For carrying out a new program of Presidential Awards for Excellence in Education to provide awards of up to $5,000 each to excellent public and private elementary and secondary school teachers in every State, selected during annual competitions in accord with criteria established by the Secretary of Education, $7,600,000: Provided, That these funds are not available until specifically authorized.	This language provides funding for President Bush's initiative of Presidential Awards for Excellence in Education. Funding for this program is contingent upon enactment of specific authorization.
For carrying out a new program of grants to local educational agencies to establish Magnet Schools of Excellence, in accord with criteria established by the Secretary of Education, to foster schools with specialized curricula that are open to students beyond their immediate school attendance areas, that give special recognition to the potential benefits to children from low-income families, and without regard to whether the local educational agency within which such school is to be located is presently implementing a plan for desegregation of minority group segregated children or faculty in the elementary and secondary schools of such agency, $100,000,000: Provided, That these funds are not available until specifically authorized.	This language provides funding for President Bush's initiative of Magnet Schools of Excellence. Funding for this program is contingent upon enactment of specific authorization.

School Improvement Programs

Language Analysis -- Continued

Language Provision	Explanation
For non-renewable grants to States for the additional costs of testing, establishment, implementation, evaluation, or other activities related to alternative teacher and principal certification systems that open entry to teacher and principal positions to individuals with demonstrated knowledge of subject areas and proven administrative competence, in accord with criteria established by the Secretary of Education, $25,000,000: Provided, That these funds are not available until specifically authorized.	This language provides funding for President Bush's initiative of Alternative Certification for Teachers and Principals. Funding for this program is contingent upon enactment of specific authorization.
[...Provided, That of this amount $170,000,000 shall be for State grants under part B, which shall become available on July 1, 1990 and remain available until September 30, 1991; $2,000,000 shall be for innovative alcohol abuse programs under section 4607; $7,500,000 shall be for teacher training under Part C; $2,000,000 shall be for national programs under part D; and $2,000,000 shall be transferred to "Departmental Management, Program Administration" for administrative costs:...]	This language, from the 1990 Department of Transportation and Related Agencies Appropriations Act, specified amounts to be added to 1990 funds already appropriated in the Department of Education Appropriations Act for programs authorized by the Drug-Free Schools and Communities Act and the Fund for the Innovation in Education, and added funds to the Department of Education's Program Administration account to pay for administrative costs.
[...Provided further, That of the amounts available for part B, not less than $25,000,000 shall be for section 5121(a) for urban and rural emergency grants:...]	This language specified that of the 1990 funds available for State grants under the Drug-Free Schools and Communities Act, at least $25,000,000 was to be used by State Governors for urban and rural emergency grants.

School Improvement

Language Analysis -- Continued

Language Provision	Explanation
[...Provided further, That funds available under the "Department of Education Appropriations Act, 1990" for "Rehabilitation Services and Handicapped Research" shall also be available for activities under title II of Public Law 100-407;...]	This language provided authority to use funds appropriated in the 1990 Department of Education Appropriations Act under the Rehabilitation Services and Handicapped Research account for research activities authorized by title II of P.L. 100-497.
[...funds available for "School Improvement Programs" shall also be available for activities under title IX of the Education for Economic Security Act, as amended;...]	This language provided authority to use funds appropriated in the 1990 Department of Education Appropriations Act under the School Improvement Programs Account for Star Schools. The reference had been inadvertently omitted.
[...and funds available for "Student Financial Assistance" shall be administered without regard to section 411F(1) of the Higher Education Act of 1965 (20 U.S.C. 1001 et seq.), and the term "annual adjusted family income" shall, under special circumstances prescribed by the Secretary of Education, mean the sum received in the first calendar year of the award year from the sources described in that section.]	This language (which applies to the Student Financial Assistance account) permitted certain Pell Grant applicants to demonstrate their financial need by relying on their estimated income during the current calendar year, rather than actual income in the previous calendar year. This exception applies only to certain students whose family income in the year a student is applying for a Pell Grant is likely to be significantly lower than the income in the previous year.

School Improvement Programs

Amounts Available for Obligation

	1989	1990	1991
Appropriation:			
Annual....................	$1,109,599,000	$1,416,395,000	$1,704,916,000
Enacted supplemental.....	108,000,000	---	---
Sequester................	---	-17,653,000	---
Subtotal, adjusted appropriation......	1,217,599,000	1,398,742,000	1,704,916,000
Real transfer to: Program Administration for: salaries and expenses..	-500,000	-2,000,000	---
Subtotal, adjusted budget authority...	1,217,099,000	1,396,742,000	1,704,916,000
Comparative transfer to: Vocational and Adult Education for: Technology education demonstrations.........	---	-988,000	---
Comparative transfers from: Compensatory education for: Magnet schools of excellence	---	+50,000,000	---
Higher education for: Mid-career teacher training...............	---	+987,000	---
Subtotal, comparable budget authority...	1,217,099,000	1,446,741,000	1,704,916,000
Recovery of prior-year obligations..............	162,000	---	---
Unobligated balance, start of year..................	18,849,000	106,709,000	---
Unobligated balance, end of year..................	-106,709,000	---	---
Unobligated balance lapsing..................	-165,000	---	---
Total obligations....	1,129,236,000 1/	1,553,450,000	1,704,916,000

1/ Excludes amounts totalling $208,000 in 1989 for reimbursable activities carried out by this account.

School rovement Programs

Budget Authority by Activity

	1989 Appropriation	1990 Appropriation	1990 Revised	1991 Request
1. Educational improvement (Chapter 2):				
a. State and local programs (Part A):				
(1) State block grants.........	$462,977,000	$455,717,000	$455,717,000	$474,405,000
(2) Evaluation.................	---	1,481,000	1,481,000	1,000,000
Subtotal, Part A..........	462,977,000	457,198,000	457,198,000	475,405,000
b. National programs (Part B):				
(1) National Diffusion Network.	11,066,000	12,837,000	12,632,000	12,632,000
(2) Inexpensive book distribution..............	8,398,000	8,576,000	8,555,000	8,914,000
(3) Arts in education..........	3,458,000	3,851,000	3,812,000	3,972,000
(4) Law-related education......	3,952,000	4,938,000	4,824,000	4,824,000
(5) Blue ribbon schools........	889,000	494,000	873,000	873,000
Subtotal, Part B..........	27,763,000	30,696,000	30,696,000	31,215,000
Subtotal, Chapter 2.......	490,740,000	487,894,000	487,894,000	506,620,000
2. Drug-free schools and communities:				
a. State grants...................	287,730,000	437,881,000	437,881,000	487,619,000
b. School personnel training......	7,000,000	14,554,000	14,554,000	14,554,000
c. National programs..............	59,770,000	61,127,000	61,127,000	66,127,000
d. Emergency grants...............	---	24,688,000	24,688,000	25,000,000
e. National Commission on Drug-Free Schools..........	---	988,000	988,000	---
Subtotal.................	354,500,000	539,238,000	539,238,000	593,300,000
3. Strengthening teaching and administration:				
a. Eisenhower mathematics and science education:				
(1) State grants...............	128,440,000	126,837,000	126,837,000	220,800,000
(2) National programs..........	8,892,000	8,781,000	8,781,000	9,200,000
Subtotal.................	137,332,000	135,618,000	135,618,000	230,000,000

School ovement Programs

Budget Authority by Activity -- Continued

	1989 Appropriation	1990 Appropriation	1990 Revised	1991 Request
b. Fund for the Improvement and Reform of Schools and Teaching:				
(1) Grants for schools and teachers...............	$3,952,000	$3,915,000	$3,915,000	$3,915,000
(2) Family-school partnerships.	1,976,000	4,443,000	4,443,000	4,443,000
Subtotal.................	5,928,000	8,358,000	8,358,000	8,358,000
c. Territorial teacher training....	1,976,000	1,762,000	1,762,000	1,762,000
d. Leadership in educational administration (LEAD)..........	4,306,000	3,845,000	3,845,000	4,215,000
e. Christa McAuliffe fellowships...	1,892,000	1,932,000	1,932,000	2,013,000
f. Mid-career teacher training.....	---	---	987,000	987,000
g. Alternative certification of teachers and principals.........	---	---	---	25,000,000
h. Presidential awards for excellence in education........	---	---	---	7,600,000
4. Magnet schools assistance:				
a. Magnet schools in desegregating districts......................	113,620,000	113,189,000	113,189,000	113,189,000
b. Magnet schools of excellence....	---	---	50,000,000	100,000,000
Subtotal.................	113,620,000	113,189,000	163,189,000	213,189,000
5. Fund for Innovation in Education...	11,150,000	18,939,000	18,939,000	18,939,000
6. Technology education demonstrations....................	---	988,000	---	---
7. Javits gifted and talented students education...............	7,904,000	8,888,000	8,888,000	8,888,000
8. Education for homeless children and youth:				
a. Grants for State activities....	4,834,000	4,935,000	4,935,000	5,000,000
b. Grants for exemplary programs..	---	2,469,000	2,469,000	2,500,000
Subtotal.................	4,834,000	7,404,000	7,404,000	7,500,000

School Improvement Programs

Budget Authority by Activity -- Continued

	1989 Appropriation	1990 Appropriation	1990 Revised	1991 Request
8. Women's educational equity.........	$2,949,000	$2,098,000	$2,098,000	$1,000,000
9. Training and advisory services.....	23,443,000	21,451,000	21,451,000	21,451,000
10. Dropout prevention demonstrations..	21,736,000	---	---	45,000,000
11. General assistance to the Virgin Islands....................	4,730,000	4,391,000	4,391,000	4,391,000
12. Ellender fellowships...............	3,458,000	3,703,000	3,703,000	1,000,000
13. Follow through.....................	7,262,000	7,171,000	7,171,000	---
14. Star schools.......................	14,399,000	14,813,000	14,813,000	---
15. Education for Native Hawaiians.....	4,940,000	6,419,000	6,419,000	---
16. Secondary school basic skills demonstrations.....................	---	4,938,000	4,938,000	---
17. Educational partnerships...........	---	3,703,000	3,703,000	3,703,000
Total.....................	1,217,099,000	1,396,742,000	1,446,741,000	1,704,916,000

NOTE: Amounts in the 199C appropriation column are the actual appropriations to this account. Amounts in all other columns are comparable to 1991.

Explanations of 1990 Revisions

1.b. Reflects a proposed reprogramming of $379,000 in fiscal year 1990 to Blue Ribbon Schools.

3.f. In 1990, funds for Mid-Career Teacher Training were appropriated in the Higher Education account.

4.b. In 1990, funds for Magnet Schools of Excellence were appropriated on a contingency basis in the Compensatory Education Account.

6. The 1990 Revised and 1991 Request columns exclude funding for Technology Education Demonstrations, which is proposed for funding in the Vocational and Adult Education account in 1991.

School Improvement Programs

Budget Authority by Object

	1989 Appropriation	1990 Appropriation	1991 Request
Travel and transportation of persons................	$5,000	$200,000	---
Transportation of things....	2,000	---	---
Communications, utilities, and miscellaneous charges.	733,000	700,000	$700,000
Printing and reproduction...	1,405,000	2,065,000	1,223,000
Other services:			
Project contracts.........	25,975,000	12,303,000	8,207,000
Supplies and materials......	3,000	---	---
Grants, subsidies, and contributions.............	1,188,976,000	1,431,473,000	1,694,786,000
Total..................	1,217,099,000	1,446,741,000	1,704,916,000

School Improvement Programs

Summary of Changes

1990 Appropriation	$1,446,741,000
1991 Request	1,704,916,000
Net change	+258,175,000

	1990 base	Change from base
Increases:		
Program:		
1. Increase in Chapter 2 State Block Grants to support school reform and improvement efforts	$455,717,000	+$18,688,000
2. Increase in Chapter 2 National Programs to support nationally significant initiatives	30,696,000	+519,000
3. Increase in Drug-Free Schools and Communities State grants to provide additional support in the war against drugs	437,881,000	+49,738,000
4. Increase in Drug-Free Schools and Communities National programs to support nationally significant initiatives under the Federal Activities program	61,127,000	+5,000,000
5. Increase in Drug-Free Schools Emergency Grants to provide funding at the full authorized level	24,688,000	+312,000
6. Increase in Eisenhower Mathematics and Science Education State Grants to help States build capacity to provide teacher training programs in an area of national need	126,837,000	+93,963,000
7. Increase in Eisenhower Mathematics and Science Education National programs to support additional projects	8,781,000	+419,000

School Improvement Programs

Summary of Changes -- Continued

Increases: Program:	1990 base	Change from base
8. Increase in Leadership in Educational Administration to complete the sixth and final year of funding for all grantees; the increase is for use in 1992.................	$3,845,000	+$370,000
9. Increase in Christa McAuliffe Fellowship to maintain the same number of fellowships while increasing the amount of the awards to account for a rise in the national average teacher salary...	1,932,000	+81,000
10. Increase to initiate a new program of grants to States to support systems of alternative certification of teachers and principals..	---	+25,000,000
11. Increase to initiate a new program, Presidential Awards for Excellence in Education, that will provide cash awards in every State to excellent teachers.................	---	+7,600,000
12. Increase in Magnet Schools of Excellence to make new awards to approximately 25 local educational agencies..........................	50,000,000	+50,000,000
13. Increase in Education for Homeless Children and Youth Grants for State Activities to fund this program at its fully authorized amount........	4,935,000	+65,000
14. Increase in Education for Homeless Children and Youth Grants for Exemplary Programs to fund this program at its fully authorized amount............................	2,469,000	+31,000

School Improvement Programs

Summary of Changes — Continued

	1990 base	Change from base
Increases:		
Program:		
15. Increase to initiate a three-year, controlled demonstration program under the authority of the Dropout Prevention Demonstration program, the reauthorization of which is pending...........................	---	+$45,000,000
Subtotal.................		+296,786,000
Decrease:		
Built in:		
1. Elimination of funding for the National Commission on Drug-Free Schools, which was established to operate for one year only and will have finished its work by 1991.....	$988,000	-988,000
Decreases:		
Program:		
1. Decrease in Evaluation, under Educational Improvement State and Local Programs, to provide funding needed to complete evaluation activities for the Chapter 2 Block Grant..............	1,481,000	-481,000
2. Decrease in Women's Educational Equity to reduce support for this program, which duplicates activities carried out under other Federal programs...	2,098,000	-1,098,000
3. Decrease in Ellender Fellowships to reduce support for this program, which can be sustained through private-sector efforts.....	3,703,000	-2,703,000
4. Elimination of the Follow Through program, which has met its objectives and duplicates other, broader authorities................	7,171,000	-7,171,000

School Improvement Programs

Summary of Changes — Continued

	1990 base	Change from base
5. Elimination of the Star Schools program, which duplicates other public and private telecommunications services.....................	$14,813,000	-$14,813,000
6. Elimination of the Education for Native Hawaiians program, which duplicates other programs for which Native Hawaiians are eligible......	6,419,000	-6,419,000
7. Elimination of Secondary School Basic Skills Demonstrations, which is no longer authorized............	4,938,000	-4,938,000
Subtotal..................		-38,611,000
Net change................		+258,175,000

School Improvement Programs

Authorizing Legislation

Activity	1990 Authorized	1990 Appropriation	1991 Authorized	1991 Request
Educational improvement (ESEA-I, Chapter 2):	$610,000,000		$640,000,000	
State block grants (ESEA-I, Chapter 2-A)........	1/	$457,198,000	1/	$475,405,000
National programs (ESEA-I, Chapter 2-B):	1/		1/	
National Diffusion Network (ESEA, section 1562)........................	2/	12,632,000 3/	2/	12,632,000
Inexpensive book distribution (ESEA, section 1563)........................	4/	8,555,000 5/	4/	8,914,000
Arts in education (ESEA, section 1564)........	6/	3,812,000 7/	6/	3,972,000
Law-related education (ESEA, section 1565)....	8/	4,824,000 9/	8/	4,824,000
Blue ribbon schools (ESEA, section 1566)......	10/	873,000 11/	10/	873,000
Drug-free schools and communities (ESEA-V):	Indefinite 12/		Indefinite 12/	
State grants (ESEA-V-B)........................	13/	437,881,000	13/	487,619,000
School personnel training (ESEA-V-C)...........	20,000,000 14/	14,554,000	35,000,000 14/	14,554,000
National programs (ESEA-V-D)...................	13/	61,127,000	13/	66,127,000
Emergency grants (ESEA, section 5136)..........	15/	24,688,000 15/	25,000,000	25,000,000
National Commission on Drug-Free Schools (P.L. 100-690, section 5051)..................	Indefinite	988,000	Indefinite	—
Strengthening teaching and administration:				
Eisenhower mathematics and science education (ESEA-II-A):	Indefinite		Indefinite	
State grants (ESEA-II-A)....................	16/	126,837,000	16/	220,800,000
National programs (ESEA, section 2012)........	16/	8,781,000	16/	9,200,000
Fund for the Improvement and Reform of Schools and Teaching (P.L. 100-297-III-B)....	Indefinite 17/	8,358,000	Indefinite 17/	8,358,000
Territorial teacher training (ESEA, section 4502).............................	2,000,000	1,762,000	2,000,000	1,762,000

School Improvement Programs

Authorizing Legislation -- Continued

Activity	1990 Authorized	1990 Appropriation	1991 Authorized	1991 Request
Leadership in educational administration (HEA-V-C-2)..	Indefinite	$3,845,000	Indefinite	$4,215,000
Christa McAuliffe fellowships (HEA-V-D-2).......	Indefinite	1,932,000	Indefinite	2,013,000
Mid-career teacher training (HEA-V-A)...........	Indefinite	987,000	Indefinite	987,000
Alternative certification of teachers and principals (pending legislation).............	---	---	($25,000,000)	25,000,000
Presidential awards for excellence in education (pending legislation)........................	---	---	(7,600,000)	7,600,000
Magnet schools assistance:				
Magnet schools in desegregating districts (ESEA-III)..................................	Indefinite	113,189,000	Indefinite	113,189,000
Magnet schools of excellence (pending legislation)................................	To be determined	50,000,000 18/	(100,000,000)	100,000,000
Fund for Innovation in Education (ESEA-IV-F)......	Indefinite	18,939,000	Indefinite	18,939,000
Javits gifted and talented students education (ESEA-IV-B)....................................	Indefinite	8,888,000	Indefinite	8,888,000
Education for homeless children and youth:				
Grants for State activities (McKinney Act, Section 722)................................	$5,000,000	4,935,000	5,000,000 19/	5,000,000
Grants for exemplary programs (McKinney Act, Section 723)................................	2,500,000	2,469,000	2,500,000 19/	2,500,000
Women's educational equity (ESEA-IV-A)............	Indefinite	2,098,000	Indefinite	1,000,000
Training and advisory services (CRA-IV)...........	Indefinite	21,451,000	Indefinite	21,451,000

School Improvement Programs

Authorizing Legislation -- Continued

Activity	1990 Authorized	1990 Appropriation	1991 Authorized	1991 Request
Dropout prevention demonstrations (ESEA-VI-A and C, reauthorization pending)	---	---	To be determined 20/	$45,000,000
General assistance to the Virgin Islands (ESEA, Section 4501)	$5,000,000	$4,391,000	$5,000,000	4,391,000
Ellender fellowships:				
Program for secondary school students and teachers (ESEA-IV-C, Subpart 1)	Indefinite	3,084,000	Indefinite	1,000,000
Program for older Americans and recent immigrants (ESEA-IV-C, Subpart 2)	Indefinite 21/	619,000	Indefinite 21/	---
Follow through (Follow Through Act)	8,346,000	7,171,000	--- 22/	---
Star schools (EESA-IX)	23/	14,813,000	23/	---
Education for Native Hawaiians:				
Model curriculum implementation (P.L. 100-297, Section 4003)	Indefinite	493,763	Indefinite	---
Family-based education centers (P.L. 100-297, Section 4004)	Indefinite	2,765,089	Indefinite	---
Higher education demonstrations (P.L. 100-297, Section 4005)	2,000,000	1,678,778	2,000,000	---
Gifted and talented demonstrations (P.L. 100-297, Section 4006)	1,000,000	740,685	1,000,000	---
Special education (P.L. 100-297, Section 4007)	1,500,000	740,685	1,500,000	---
Secondary schools basic skills demonstrations (ESEA-VI-B)	200,000,000 24/	4,938,000	--- 24/	---
Educational partnerships (P.L. 100-418-VI-A-5)	Indefinite	3,703,000	Indefinite	3,703,000

School Improvement Programs

Authorizing Legislation -- Continued

Activity	1990 Authorized	1990 Appropriation	1991 Authorized	1991 Request
Unfunded authorizations:				
Partnerships in education for mathematics, science, and engineering (EESA-III)............	Indefinite	---	Indefinite	---
Foreign language assistance (ESEA-II-B)..........	Indefinite	---	Indefinite	---
Presidential awards for teaching excellence in foreign languages (ESEA-II-C)..................	$2,000,000	---	$2,000,000	---
Alternative curriculum schools (ESEA, Section 4606)................................	Indefinite 25/	---	Indefinite 25/	---
Drug-free schools and communities:				
Drug-free school zones demonstrations (ESEA, Section 5137)........................	2,000,000 26/	---	2,000,000 26/	---
Dissemination of information and technical assistance (ESEA, section 5146).............	---	---	500,000	---
Total definite authorization............	886,346,000		723,500,000	
Total appropriation......................		$1,446,741,000		$1,704,916,000

1/ A total of $610,000,000 in 1990 and $640,000,000 in 1991 is authorized for Chapter 2. From the amount appropriated, a maximum of 6 percent may be set aside for National Programs. The remainder is available for State Block Grants.

2/ Subject to the availability of funds under the set-aside for Chapter 2 National programs, the statute requires that the National Diffusion Network be funded at no less than $11,200,000.

3/ Reflects a proposed reprogramming of $205,000 to Blue Ribbon Schools.

4/ Subject to the availability of funds under the set-aside for Chapter 2 National Programs, the statute requires that the Inexpensive Book Distribution program be funded at no less than $8,200,000.

School Improvement Programs

Authorizing Legislation -- Continued

5/ Reflects a proposed reprogramming of $21,000 to Blue Ribbon Schools.

6/ Subject to the availability of funds under the set-aside for Chapter 2 National Programs, the statute requires that the Arts in Education program be funded at no less than $3,500,000.

7/ Reflects a proposed reprogramming of $39,000 to Blue Ribbon Schools.

8/ Subject to the availability of funds under the set-aside for Chapter 2 National Programs, the statute requires that the Law-Related Education program be funded at no less than $3,200,000.

9/ Reflects a proposed reprogramming of $114,000 to Blue Ribbon Schools.

10/ Within the set-aside for Chapter 2 National Programs, the Secretary is authorized to make available up to $1,500,000 for Blue Ribbon Schools.

11/ Reflects a proposed reprogramming of $379,000 from funds appropriated for other National programs.

12/ Excludes Part C and Sections 5136, 5137, and 5146, which have separate authorizations.

13/ Of the total amount appropriated for Title V, except for Part C and Sections 5136, 5137, and 5146, 17.2 percent of the first $347,500,000 appropriated and 1.2 percent of any amount appropriated above that level is reserved for National Programs under Part D. The remainder is available for State Grants.

14/ No funds are authorized unless the amount appropriated for Title V (except for Part C and Sections 5136, 5137, and 5146) is at least $215,000,000.

15/ For 1990, these funds are included in the State grants and are allocated to the Governors to carry out Section 5136. Beginning in 1991, funds are authorized for the Secretary to carry out Section 5136.

16/ Section 2004 of ESEA reserves 4 percent of the amount appropriated for Mathematics and Science Education for National Programs. The remainder is available for State Grants.

17/ Of the total funds appropriated for FIRST, one-third is reserved for Family-School Partnerships and $150,000 is reserved for dissemination and reporting. Remaining funds are used for Grants for Schools and Teachers.

School Improvement Programs

Authorizing Legislation -- Continued

18/ Fiscal year 1990 funds were provided in the Compensatory Education for the Disadvantaged account contingent upon enactment of authorizing legislation by March 1, 1990.

19/ The GEPA extension applies through September 30, 1991.

20/ The authorization expired September 30, 1989. Reauthorizing legislation is pending.

21/ No funds are authorized unless sufficient amounts are appropriated to carry out activities under Subpart 1 at the level established during fiscal year 1989.

22/ The authorization expires September 30, 1990. The GEPA extension does not apply, and no new authorizing legislation is proposed.

23/ Title IX of EESA authorizes a total of $100,000,000 for the period beginning October 1, 1987, and ending September 30, 1992. No appropriation in excess of $60,000,000 may be made in any of the fiscal years. A total of $48,360,000 has been appropriated for fiscal years 1988, 1989, and 1990.

24/ The GEPA extension expires September 30, 1990. No reauthorizing legislation is proposed.

25/ No funds are authorized to be appropriated unless the appropriation for the Magnet Schools Assistance Program in Title III of ESEA is equal to or exceeds $165,000,000.

26/ Section 5137 authorizes a total of $2,000,000 for the life of the Drug-Free School Zones Demonstration program.

School Improvement Programs

Table of Estimates and Appropriations

	Budget Estimate to Congress	House Allowance	Senate Allowance	Appropriation 1/
1982	$471,280,000	$610,335,000	$545,250,000	$536,880,000
1983	433,000,000	538,920,000	530,080,000	534,500,000
1984	528,879,000	577,786,000	528,367,000	528,367,000
1985	778,879,000	713,559,000	854,309,000	758,109,000
1985 Proposed Rescission	-80,000,000	---	---	---
1986	647,909,000	655,609,000	755,609,000	705,109,000
1986 Sequester				-30,320,000
1986 Proposed Rescission	-37,782,000	---	---	---
1987	678,909,000	1,060,943,000	886,537,000	934,890,000
1987 Proposed Rescission	-50,553,000	---	---	---
1988	784,337,000	921,314,000	1,120,687,000	1,040,312,000
1989	1,126,835,000	1,118,538,000	1,088,180,000	1,109,599,000
1989 Supplemental	---	---	---	108,000,000
1990	1,260,870,000	1,170,527,000	1,474,085,000	1,416,395,000
1990 Sequester				-17,653,000
1991	1,704,916,000			

1/ Reflects enacted supplementals, rescissions, and reappropriations in amounts appropriated prior to fiscal year 1985.

School Improvement Programs

Significant Items in Congressional Appropriations Reports

Item	Action taken or to be taken
1990 House Report	
Drug-Free Schools and Communities	
The Committee will expect a formal report on obligations and expenditures at the State and local level prior to next year's hearing.	The Department will provide the requested report.
Eisenhower Mathematics and Science Education	
The Committee requests a report prior to the fiscal year 1991 hearings on efforts to coordinate math and science programs with those of the National Science Foundation.	The Department will provide the requested report.
Fund for Innovation in Education (FIE): Comprehensive School Health	
The Committee directs the Secretary to establish, staff, and operate an Office of Comprehensive School Health Education in the Office of the Secretary.	Staff to administer the Comprehensive School Health Education program have been located in the Office of Educational Research and Improvement.
Underachieving Students 1/	
The Committee included $3,000,000 for a new program to improve the educational performance and employment opportunities of underachieving students.	In its 1990 grant competition, the Department will invite applications for projects to demonstrate ways to improve the performance of underachieving students. However, since funding must first be provided for the continuation of awards made in 1989, an amount less than $3,000,000 will be available for new awards.

1/ Also included in 1990 Conference Report.

School Improvement Programs

Significant Items in Congressional Appropriations Reports — Continued

Item	Action taken or to be taken
1990 Senate Report	
Education for Native Hawaiians	
The Committee requests that the Department include in its 1991 budget submission more detailed information on the number of Native Hawaiians, what portion are receiving assistance, relative educational disadvantage, and types of service provided.	The requested information is contained in the 1991 Congressional Budget Justification.
Chapter 2 State Block Grant Evaluation	
The Committee expects the Secretary to report on how, if at all, the use of block grant funds has changed at the State and local level as a result of the Hawkins-Stafford amendments.	The 1990 funds for Block Grant evaluation are specifically for study of the "effective schools" portion of the program. The information requested by the Committee can be gathered in the study proposed by the Department for 1991.
National Diffusion Network (NDN)	
The Commitee expects that $750,000 of the additional funds provided above the fiscal year 1989 level will be used to disseminate additional exemplary projects in mathematics and science education through the NDN and support additional developer demonstrator activities to facilitate adoptions of mathematics and science projects. The Committee further expects that $250,000 of the additional funds will be used for enhanced dissemination of exemplary programs in special education.	Two competitions for new Developer Demonstrator projects are planned for 1990 to ensure that $750,000 of the additional funds will be used to fund about 11 new mathematics and science Developer Demonstrator projects. The Department will use $250,000 to support up to four more projects and to provide evaluation assistance for possible validation of additional special education programs.

School Improvement Programs

Significant Items in Congressional Appropriations Reports -- Continued

Item	Action taken or to be taken
1990 Senate Report -- Continued	
Arts in Education	
Of the total appropriated for the Arts in Education program, the Committee specifies that $966,264 be awarded to the Kennedy Center for the performing Arts and $2,933,736 to the Very Special Arts organization.	The Department plans to award $966,264 to the Kennedy Center and $2,845,736 to Very Special Arts, pending approval of a proposed reprogramming to Blue Ribbon Schools.
Eisenhower Mathematics and Science Education National Programs	
The Committee directs the Department to give priority consideration to proposals that demonstrate the viability of a regional network system for providing identification, adaptation, dissemination, and implementation services to local school districts and other appropriate educational agencies and institutions in conjuction with mathematics and science curriculum reform.	The Department has invited applications for projects to undertake system-wide curriculum reform, and has placed a strong emphasis on collaboration. A network system could be proposed.
The Committee directs the Department to strengthen cooperation with the National Science Foundation and other Federal mission agencies involved in bettering achievement in mathematics and science, and to report on these coordination efforts prior to the 1991 hearings.	The Department is attempting to improve coordination with other agencies and will report on its activities as requested by the Committee.
Fund for Innovation in Education	
The Committee earmarks $5,000,000 for Programs for Computer-Based Education, $1,000,000 for the development of educational television and radio materials under the Technology Education Program, $4,000,000 for comprehensive school health programs, and, subject to pending authorization, $250,000 for Claude and Mildred Pepper Scholarships.	The Secretary will allocate funds for the Fund for Innovation in Education as specified in the conference report, less the reduction required for the sequester.

School Improvement Programs

Significant Items in Congressional Appropriations Reports -- Continued

Item	Action taken or to be taken
1990 Senate Report -- Continued	
The Committee requests that the the Secretary establish, staff, and operate an Office of Comprehensive School Health Education.	The staff has been established in the Office of Educational Research and Improvement, where the Comprehensive School Health Education program is administered.
Ellender Fellowships	
The Committee earmarks $3,000,000 for the fellowship program for students and teachers and $500,000 for the program for older Americans and recent immigrants.	At the final appropriation level, the Department plans to allocate $3,084,000 to the fellowship program for students and teachers and $619,000 for the program for older Americans and recent immigrants.
Star Schools	
The Committee intends that the four existing telecommunications partnerships that received 1988 and 1989 funds be allowed to compete for a third and final year of funding at a reduced level in order to provide them with more time to arrange alternate sources of funding to continue their projects in the future. These existing grantees should be allowed to compete on an equal basis with applicants for first-year funding, but even if successful in the competition, should receive in total no more than 25 percent of the funds available.	This directive was superseded by conference action. In the absence of bill language to the contrary, the authorizing statute limits recipients to two years of funding. Therefore, the previously funded partnerships will not be eligible to apply for 1990 funds.
Educational Partnerships	
The Committee directs that the Secretary use not more than 7.5 percent of the total amount available for evaluation and dissemination activities.	The Department will comply with this directive.

School Improvement Programs

Significant Items in Congressional Appropriations Reports -- Continued

Item	Action taken or to be taken
1990 Senate Report -- Continued	
Drug-Free Schools and Communities	
The conferees expect that within the amount made available for federal activities, $500,000 will be used for innovative alcohol abuse education programs and administered as if appropriated in section 4607 (Fund for Innovation in Education).	Since the funds were appropriated under the authority of the Drug-Free Schools and Communities Act, the Secretary must administer them under that Act. However, the Secretary has the authority to spend Drug-Free Schools and Communities Federal Activities funds for programs such as those authorized under section 4607, and plans to use a portion of the Federal activities funds for this purpose in 1990. The Secretary will, in addition, administer the $1,975,000 appropriated for Section 4607 in the Department of Transportation Appropriations Act under the authority of Section 4607.
1990 Conference Report	
Fund for Innovation in Education	
The conferees direct that funds be allocated as follows: Discretionary activities (Sec. 4601)..............$6,928,000 Technology education (Sec. 4603 and Sec. 6115). 2,250,000 Computer-based education.... 5,000,000 Comprehensive school health................... 4,000,000	The Department will fund the programs authorized under the Fund for Innovation in Education at the directed levels, less the amount required for the sequester.
Training and Advisory Services	
The conferees expect that grants under title IV of the Civil Rights Act will be made to 10 regional desegregation assistance centers and to civil rights units in State educational agencies.	The Department plans to award grants to 10 regional centers and to all State educational agencies that submit applications.

School Improvement Programs

Significant Items in Congressional Appropriations Reports -- Continued

Item	Action taken or to be taken
1990 Conference Report -- Continued	
Star Schools	
The conferees expect the Secretary, in making new awards, to adhere to the provisions of section 905(c)(3) of the Star Schools Act and give a priority to telecommunications partnerships that serve schools with a significant number of students eligible for Chapter 1 services.	The Department will comply with this directive.
Education for Native Hawaiians	
The Conferees expect the following distribution to be used for the $6,500,000 appropriated: Model curriculum implementation project............ $500,000 Family-based education centers.................... 2,800,000 Higher education demonstrations .... 1,700,000 Gifted and talented demonstration program.......... 750,000 Special education program... 750,000	The Department will fund these programs at the directed levels, less the amount required for the sequester.

School Improvement Programs

Account Summary

	1989 Appropriation	1990 Appropriation	1991 Request
1. Educational improvement (Chapter 2):			
a. State and local programs:			
(1) State block grants..	$462,977,000	$455,717,000	$474,405,000
(2) Evaluation..........	---	1,481,000	1,000,000
b. National programs:			
(1) National Diffusion Network (NDN).......	11,066,000	12,632,000 1/	12,632,000
(2) Inexpensive book distribution........	8,398,000	8,555,000 1/	8,914,000
(3) Arts in education...	3,458,000	3,812,000 1/	3,972,000
(4) Law-related education...........	3,952,000	4,824,000 1/	4,824,000
(5) Blue ribbon schools.	889,000	873,000 1/	873,000
Subtotal...........	27,763,000	30,696,000	31,215,000
Subtotal, Chapter 2..........	490,740,000	487,894,000	506,620,000
2. Drug-free schools and communities:			
a. State grants............	287,730,000	437,881,000	487,619,000
b. School personnel training................	7,000,000	14,554,000	14,554,000
c. National programs........	59,770,000	61,127,000	66,127,000
d. Emergency grants.........	---	24,688,000	25,000,000
e. National Commission on Drug-Free Schools....	---	988,000	---
Subtotal...........	354,500,000	539,238,000	593,300,000
3. Strengthening teaching and administration:			
a. Eisenhower mathematics and science education:			
(1) State grants........	128,440,000	126,837,000	220,800,000
(2) National programs...	8,892,000	8,781,000	9,200,000
Subtotal...........	137,332,000	135,618,000	230,000,000
b. Fund for the Improvement and Reform of Schools and Teaching:			
(1) Grants for schools and teachers.......	3,952,000	3,915,000	3,915,000
(2) Family-school partnerships.......	1,976,000	4,443,000	4,443,000
Subtotal...........	5,928,000	8,358,000	8,358,000

School Improvement Programs

Account Summary — Continued

	1989 Appropriation	1990 Appropriation	1991 Request
c. Territorial teacher training................	$1,976,000	$1,762,000	$1,762,000
d. Leadership in educational administration (LEAD)...	4,306,000	3,845,000	4,215,000
e. Christa McAuliffe fellowships............	1,892,000	1,932,000	2,013,000
f. Mid-career teacher training................	---	987,000	987,000
g. Alternative certification of teachers and principals.............	---	---	25,000,000
h. Presidential awards for excellence in education.	---	---	7,600,000
4. Magnet schools assistance:			
a. Magnet schools in desegregating districts......	113,620,000	113,189,000	113,189,000
b. Magnet schools of excellence.............	---	50,000,000 2/	100,000,000
Subtotal........	113,620,000	163,189,000	213,189,000
5. Fund for Innovation in Education..............	11,150,000	18,939,000 3/	18,939,000
6. Javits gifted and talented students education.........	7,904,000	8,888,000	8,888,000
7. Education for homeless children and youth:			
a. Grants for State activities.............	4,834,000	4,935,000	5,000,000
b. Grants for exemplary programs...............	---	2,469,000	2,500,000
Subtotal........	4,834,000	7,404,000	7,500,000
8. Women's educational equity..	2,949,000	2,098,000	1,000,000
9. Training and advisory services..................	23,443,000	21,451,000	21,451,000
10. Dropout prevention demonstrations............	21,736,000	---	45,000,000 4/
11. General assistance to the Virgin Islands............	4,730,000	4,391,000	4,391,000
12. Ellender fellowships........	3,458,000	3,703,000	1,000,000
13. Follow through.............	7,262,000	7,171,000	---
14. Star schools...............	14,399,000	14,813,000	---

School Improvement Programs

Account Summary -- Continued

	1989 Appropriation	1990 Appropriation	1991 Request
15. Education for Native Hawaiians..................	$4,940,000	$6,419,000	---
16. Secondary school basic skills demonstrations......	---	4,938,000	---
17. Educational partnerships....	---	3,703,000	$3,703,000
Total...........	1,217,099,000	1,446,741,000	1,704,916,000

1/ Assumes a reprogramming of $379,000 in fiscal year 1990 to Blue Ribbon Schools.

2/ Adjusted for comparability. Fiscal year 1990 funds were provided in the Compensatory Education for the Disadvantaged account contingent upon the enactment of authorizing legislation by March 1, 1990.

3/ Adjusted for comparability. Excludes $988,000 for Technology Education Demonstrations shown under the Vocational and Adult Education account.

4/ Reauthorizing legislation is pending in Congress.

Programs in the School Improvement Programs account reward excellence and success, promote choice and flexibility, strengthen the quality of teaching and school administration, and support educational reform. Taken together, these programs contribute measurably to the goal of improving educational achievement -- one of the major themes of the Department's 1991 budget.

For School Improvement Programs, the request is $1.7 billion, a $258 million, or 17.9 percent, increase over the 1990 level. These funds will support programs that help school districts demonstrate successful ways to reduce dropout rates, increase the quality of instruction in mathematics and science, provide school officials with tools to overcome problems associated with alcohol and drug use among students, train and reward teachers, and promote federally targeted as well as State and locally administered efforts in school reform. Included in this account are four programs first proposed last year in the President's Educational Excellence Act -- Drug-Free Schools Emergency Grants, Presidential Awards for Excellence in Education, Magnet Schools of Excellence, and Alternative Certification of Teachers and Principals.

Funding for most School Improvement programs would be kept at or close to their 1990 levels, because the amounts are adequate to support continuing activities or because the programs are at their fully authorized levels. Small increases are proposed for the Chapter 2 Block Grant, Arts in Education, Inexpensive Book Distribution, and Christa McAuliffe Fellowships, to compensate for rising costs directly associated with continuing current services under these programs, and for LEAD to complete the mandated sixth and final year of funding for all grantees.

School Improvement Programs

Account Summary -- Continued

In addition to the programs in the Educational Excellence Act, the budget includes sizeable increases for the following high priority programs:

- The Eisenhower Mathematics and Science Education program, which helps increase the quality of mathematics and science instruction generally, and contributes needed resources for training teachers in an area of great national need.
- Drug-Free Schools and Communities, to provide States and localities with additional funds to use in their fight against drugs and to support additional nationally significant activities.
- Magnet Schools of Excellence to provide support to approximately 25 additional local educational agencies to establish magnet schools.
- Dropout Prevention Demonstrations, to run controlled demonstrations to test and demonstrate effective approaches to dropout prevention and reentry, and provide evidence on model programs that produce results in reducing dropout rates.

For the remaining six programs, the budget includes reduced or no funding, because these programs have met their objectives or support activities that can be supported under other authorities.

1. Educational improvement: a. State block grants
(Elementary and Secondary Education Act of 1965, Title I, Chapter 2, Part A)

1991 Authorization: 1/

Budget Authority:

1990 Appropriation	1991 Request	Increase or Decrease
$457,198,000	$475,405,000	+$18,207,000

1/ A total of $640,000,000 is authorized for Chapter 2. From the amount appropriated, a maximum of 6 percent may be set aside for National Programs. The remainder is available for State Block Grants.

Purpose and Method of Operation

Chapter 2 Block Grants are used by State and local educational agencies to operate programs that improve elementary and secondary education for students in public and private schools. These programs are designed in accordance with State and local needs and priorities. In addition, the programs are carried out with a minimum of administrative requirements and paperwork, thereby freeing State and local school officials to concentrate on the education of children.

This is a forward-funded program. Funds are available for obligation to the States from July 1 of the fiscal year in which they are appropriated through September 30 of the following fiscal year. The level of funding is dependent upon the availability of appropriations.

From the total amount of funds appropriated for Chapter 2, up to 1 percent is reserved for block grants to the Outlying Areas and up to 6 percent may be reserved for National Programs. The remainder is distributed to the 50 States, the District of Columbia, and Puerto Rico on the basis of population aged 5 to 17. No State receives less than 0.5 percent of this remainder.

The State educational agency (SEA) may keep up to 20 percent of its block grant for activities at the State level and must distribute at least 80 percent to its local school districts. This distribution is based primarily on public and private school enrollment; however, each State must devise further criteria to give additional weight for children whose education imposes a higher than usual cost to a school district.

School Improvement Programs

1. Educational improvement: a. State block grants

Purpose and Method of Operation -- Continued

Block grant funds may be used in any of six priority areas: (1) programs for students at risk of failure or dropping out; (2) acquisition of educational materials; (3) innovative programs for schoolwide improvement; (4) training and professional development; (5) programs to enhance personal excellence; and (6) other innovative projects. SEAs may use up to 25 percent of their set-aside funds for administration of the program, and must use at least 20 percent of their set-aside for "effective schools" programs, unless the State is already spending, from State funds, the equivalent of 40 percent for this purpose.

To receive a grant, a State must submit an application, for up to a three-year period, to the Secretary. The application describes the criteria the State will use to distribute funds among local school districts and how it will allocate its 20 percent State set-aside among the six priority areas. Each local school district desiring to participate must submit an application to its SEA, describing the programs it intends to support and including provisions for serving private school children.

While the basic responsibility for administering the block grant rests with the SEA, each local school district has complete discretion (subject to the broad provisions in the law) to determine how it will spend its funds.

Accomplishments

The ninth annual block grant awards will go out to all 50 States, the District of Columbia, Puerto Rico, and the Outlying Areas in July 1990.

The Department contracted for two major studies of the block grant program carried out under Chapter 2 of the Education Consolidation and Improvement Act -- the antecedent of the current program. A national study of local operations under the Chapter 2 program, completed in 1986, found that Chapter 2 had achieved its statutory goals of contributing to educational improvement, reducing administrative burden for district administrators, providing districts discretion over the use of these Federal funds, and increasing the participation of private school students. Following are highlights of the findings of that study.

In school year 1984-85:

- Ninety-nine percent of the Nation's school districts received Chapter 2 funds.

- State educational agencies, applying distribution formulas they developed, allocated over $350 million to school districts; of this total approximately $330 million purchased services for public school students and $20 million was used for private school students.

Accomplishments -- Continued

- Chapter 2 allocations received by districts averaged $7 to $9 per child; 42 percent of the Nation's districts received less than $5,000, and only 20 districts received more than $1 million.

- Nationally, Chapter 2 activities tended to serve all students, focusing neither on particular grade levels nor on particular student groups.

- Districts spent Chapter 2 funds in six general activity categories: computer applications, libraries/media centers, curriculum development, staff development, instructional services, and student support services.

- Chapter 2 had fully or partially supported the introduction of computer technology into three-quarters of the Nation's school districts.

- Forty-two percent of all districts had eligible private schools, and 88 percent of these districts were providing services to private school students. Services provided to private school students fell predominantly into the libraries/media centers and computer applications categories.

- Interactions between districts and SEAs were usually trouble-free and mainly involved procedural matters.

- Direct parent and citizen involvement in Chapter 2 decision-making had not been fully achieved, although community preferences did influence district program decisions.

The second major study concerned the use of block grant funds withheld by SEAs (about $93 million in 1989). At the request of the House Appropriations Committee (report #100-256, page 131), the Department contracted in 1987 for case studies of five SEAs to examine the uses of these State set-aside funds in detail. Following is a summary of the findings contained in the contractor's report, *An Evaluation of the ECIA Chapter 2 Set-Aside*.

Overall Findings:

- The five SEAs studied generally used the set-aside funds in two ways: (1) to provide support for the day-to-day operations of the SEA; and (2) to provide services to school districts. Three of the five States spent at least half of their set-asides supporting basic SEA operations such as staff, office rent, and supplies.

- Two of the States spent more than two-thirds of the set-aside for services to districts. Overall, four of the five States spent more than half their set-asides for SEA staff salaries.

Accomplishments -- Continued

- The Chapter 2 set-aside served as a funding source, not as a program or project. SEAs generally did not treat the Chapter 2 set-aside as a separate program with attendant planning, goal setting, or evaluation of accomplishments.
- Oversight of set-aside uses was limited; Chapter 2's accountability mechanisms for set-aside uses did not facilitate review at either the Federal or State level.

Specific Uses of Funds:

- Chapter 2 Administration -- The five SEAs spent between 3 and 12 percent of their set-asides on the administration of Chapter 2, for such activities as operation of the application process for formula funds, distribution of funds to districts, monitoring, and preparation of the State application and evaluation.
- Educational Reform -- The five States committed 12 percent or less of their set-asides to educational reform programs.
- Internal SEA Functions (e.g., bookkeeping, data processing, legal affairs, and systems management) -- The States spent from 2 to 35 percent of their set-asides on these functions.
- External SEA Functions (e.g., school district auditing, curriculum development, subject specialists, and administration of Federal and State programs) -- The States spent between 17 and 53 percent of their set-asides on these functions.
- Discretionary Grants -- Four of the five States used between 1 and 63 percent of their set-asides for discretionary grants. These grants supported software development, consultation and assistance in the area of early childhood/parent education, competitive mini-grants to address virtually any subject area, and a variety of services for school districts.
- Operating Expenses -- All of the five States charged operating expenses to Chapter 2, ranging from 9 to 43 percent of the set-asides.

The current Chapter 2 program, as reauthorized by the 1988 Hawkins-Stafford Amendments, does not permit funds to be used merely for "strengthening" SEAs; with the exception of the 5 percent available for State administration, all of the State set-aside must now be used for "effective schools" programs and to provide other services in the six priority areas.

School Improvement Programs

1. Educational improvement: a. State block grants

1991 Budget Proposal

For fiscal year 1991, $475,405,000 is requested for State Block Grants, an increase of 4.0 percent over the 1990 funding level to cover increased costs due to inflation. Chapter 2 is the largest of the Department's programs that support the Secretary's priority of school reform and improvement. Unique in that it is not limited to serving a target population, it continues to be the most flexible, creative vehicle for providing Federal support of reform and improvement efforts at the State and local level.

As stated above, a national study of local operations under the Chapter 2 program found that Chapter 2 has largely achieved its statutory goals of contributing to educational improvement, reducing administrative burden for district administrators, providing districts discretion over the use of these Federal funds, and increasing the participation of private school students. The 1988 reauthorization has made the program more accountable by focusing the use of these Funds on educational reform and improvement and strengthening reporting and evaluation requirements.

Of the total requested, $474,405,000 would be for grants to States and Outlying Areas. The remaining $1,000,000 would be earmarked in appropriations language to provide funding for a comprehensive national study of the program. The foundation for this study will be the study of Chapter 2 effective schools mandated by Section 6206 of P.L. 100-297 and funded at $1,481,000 in 1990. The additional evaluation funds are needed to extend that study to provide information for the next reuthorization and to determine if the 1988 amendments to the program have had their intended effect on State and local operations.

Impact Data	1989	1990	1991
Average State award	$8,803,000	$8,698,000	$9,055,000
Minimum State award	2,296,000	2,262,000	2,354,000
Largest State award	48,723,000	48,717,000	50,715,000
Funds for Outlying Areas	3,806,000	3,415,000	3,546,000
Study of effective schools programs	---	1,481,000	---
Chapter 2 national study	---	---	1,000,000

1. Educational improvement: b. National programs: (1) National Diffusion Network (NDN)
(Elementary and Secondary Education Act of 1965, Section 1562)

1991 Authorization: 1/

Budget Authority:

1990 Appropriation	1991 Request	Increase or Decrease
$12,632,000 2/	$12,632,000	---

1/ A total of $640,000,000 is authorized for Chapter 2. From the amount appropriated, a maximum of 6 percent may be set aside for National Programs. Subject to the availability of funds under this set-aside, the statute requires that the National Diffusion Network be funded at no less than $11,200,000.

2/ Reflects a proposed reprogramming of $205,000 to Blue Ribbon Schools.

Purpose and Method of Operation

The National Diffusion Network (NDN) was established to capitalize on successful investments in research, development, and demonstration programs that were not being used outside districts where they were first developed. NDN facilitates school improvement by identifying and disseminating information about programs that work, bringing alternatives to the attention of educators throughout the Nation who are interested in improving their education programs, and providing training and follow-up technical assistance for those who decide to adopt a particular program.

Grants are awarded to local school districts that are identified as developers of exemplary educational programs so that they may present their programs, provide materials, and conduct training for school staffs who are interested in improving education through the adoption of these programs. This district-to-district communication is a key factor in NDN's ability to disseminate information in a form useful to potential users.

Grants are also awarded to public or nonprofit private agencies, organizations, or institutions that have an established procedure that has been judged effective for providing information, instructional materials, and services nationwide concerning specific content areas, bodies of research, or fields of professional development. These dissemination process grantees select and approve the individual programs that they disseminate.

In order to disseminate information on available programs, grants are also awarded to State educational agencies and other public and private nonprofit

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Purpose and Method of Operation -- Continued

organizations to serve as intermediaries to link up developer/demonstrators having exemplary programs, products, and practices with prospective adopters of these exemplary projects. There is one such facilitator providing these services in each State, and one private school facilitator whose purpose is to ensure that private schools receive equitable services through the NDN program.

Technical assistance contracts are awarded to organizations that provide dissemination expertise to developer/demonstrators and State facilitators as well as to school districts that have developed programs that show promise of being approved for dissemination. These contractors also search for projects in priority content areas to meet the changing needs of the education community.

Approval by the Program Effectiveness Panel must be obtained for projects to be included among those disseminated by the NDN, a means of quality control based on demonstrated effectiveness. If a program submits valid evidence of its success to the Department, a panel of reviewers will approve the program for dissemination. Only then do these approved programs become eligible to compete for NDN funding as developer/demonstrators or as dissemination process projects.

The approval of projects is mandated by statute, which requires a single external review that is to focus only on the efficacy and transferability of a program. The statute also sets out the criteria for determining which programs applying for dissemination assistance receive funding. These criteria focus not only on the quality of an applicant's dissemination plan, but also on whether the program to be disseminated is innovative, accurate, and up-to-date.

This is a current-funded program for which funds are available from October 1 through September 30. The level of funding is dependent upon the availability of appropriations.

Accomplishments

During school year 1988-89, approximately 28,000 schools adopted and implemented exemplary projects disseminated by the National Diffusion Network, and in the process more than 76,000 educational personnel received training. The 1989 program included funding for 29 new and 49 continuation developer/demonstrator awards, along with 56 State facilitator awards, one each in the 50 States, the District of Columbia, and Puerto Rico, plus three areas that are participating in the program for the first time (American Samoa, Guam, and the Northern Mariana Islands), and the Virgin Islands, which re-entered the program. Palau is expected to have a successful applicant in 1990. Three dissemination process projects were continued, as was the private school facilitator project. Technical assistance was provided to these grantees through a contractual arrangement.

School Improvement Programs

1. Educational improvement: b. National programs: (1) National Diffusion Network (NDN)

1991 Budget Proposal

In 1991, level funding is proposed for the National Diffusion Network program at $12,632,000. With these funds, the Department would continue to seek out and attempt to have validated projects that could be funded as developer/demonstrator and dissemination process projects. The funds would also support the continuation of some of the developer/demonstrator and dissemination process grants initiated in prior years, including those additional math and science and special education projects initiated in 1990 with funds made available for that purpose. The State facilitators, private school facilitator, and dissemination expertise provided by technical assistance contractors would also be continued.

Impact Data	1989	1990	1991
Number of grants:			
Developer/demonstrators	78	97	84
Dissemination process projects	3	3	4
State facilitators	56	57	57
Private school facilitator	1	1	1
Technical assistance contracts	1	1	3

1. Educational improvement: b. National programs: (2) Inexpensive book distribution
(Elementary and Secondary Education Act of 1965, Section 1563)

1991 Authorization: 1/

Budget Authority:

1990 Appropriation	1991 Request	Increase or Decrease
$8,555,000 2/	$8,914,000	+$359,000

1/ A total of $640,000,000 is authorized for Chapter 2. From the amount appropriated, a maximum of 6 percent may be set aside for National Programs. Subject to the availability of funds under this set-aside, the statute requires that the Inexpensive Book Distribution program be funded at no less than $8,200,000.

2/ Reflects a proposed reprogramming of $21,000 to Blue Ribbon Schools.

Purpose and Method of Operation

The purpose of this program is to provide, through aid to local nonprofit and public groups, reading motivation activities that encourage reading both in and outside school and to make it possible for youngsters to choose books to keep and have at home. The program is operated through a sole source contract awarded to Reading Is Fundamental, Inc. (RIF), a private nonprofit organization associated with the Smithsonian Institution. RIF allocates funds for book purchases and provides technical guidance to more than 3,000 local groups that bring services to youngsters in more than 11,000 locations. A key element in the program is community support through the volunteer activities of parents, librarians, educators, and business and community leaders. Parental involvement is also stressed; about 37 percent of the volunteers are parents.

Federal funds provide up to 75 percent of the costs of books and leverage the remainder from private and local sources. Migrant and seasonal farmworker programs may receive up to 100 percent of the costs of books. This is a current-funded program, for which funds are available from October 1 through September 30. The level of funding is dependent upon the availability of appropriations.

Accomplishments

With 1989 funds, 6.7 million books are being distributed to more than 2.2 million children. There are local projects in all 50 States, the District of Columbia, Puerto Rico, the Virgin Islands, and Guam. These

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Accomplishments — Continued

projects are being run by approximately 106,000 volunteers who conduct the reading motivation sessions at which books are distributed and money is raised to pay the local share of the cost of the books. One hundred thirty-eight book publishers and 213 distributors provide discounts on books. The use of volunteers and local support, plus book supplier discounts, result in an average cost to the Federal Government of about $1.24 per book, or $3.73 per child. These figures do not include books distributed and children served with local funds in excess of the Federal share and 25 percent required match. Many local projects raise additional funds to distribute more books and serve more children. On average, this has the effect of reducing these costs to the Federal Government.

Voluntary surveys conducted by RIF of educators, librarians, parents, and others working directly with program participants, as well as reports and unsolicited comments from these same groups, studies of individual programs, and a 1980 Department of Education study stress the program's effectiveness in motivating children to read, improving students' frequency of and attitudes toward reading and learning, increasing library circulation, involving parents in their children's reading, and contributing to increased reading achievement.

1991 Budget Proposal

For 1991, $8,914,000 is requested for the Inexpensive Book Distribution program, a 4.2 percent increase over the 1990 level to offset increased costs. This program is part of the Administration's strategy to address the problem of illiteracy through prevention and to improve the basic skills of children. Recent Government and academic studies emphasize the importance of books in the home, motivation, parental involvement, and leisure reading as significant factors in improving reading abilities. These are all key elements of the Inexpensive Book Distribution program. Additionally, at a projected average cost to the government of only $1.33 per book distributed, this program is cost-effective.

Impact Data	1989	1990	1991
Number of awards	1	1	1
Books distributed	6,763,000	6,690,000	6,690,000
Children served	2,254,000	2,230,000	2,230,000
Federal share per child (average)	$3.73	$3.84	$4.00
Federal cost per book	$1.24	$1.28	$1.33
Books per child (average)	3	3	3

School Improvement Programs

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1. Educational improvement: b. National programs: (3) Arts in education (Elementary and Secondary Education Act of 1965, Section 1564)

1991 Authorization: 1/

Budget Authority:

1990 Appropriation	1991 Request	Increase or Decrease
$3,812,000 2/	$3,972,000	+$160,000

1/ A total of $640,000,000 is authorized for Chapter 2. From the amount appropriated, a maximum of 6 percent may be set aside for National Programs. Subject to the availability of funds under this set-aside, the statute requires that the Arts in Education program be funded at no less than $3,500,000.

2/ Reflects a proposed reprogrammming of $39,000 to Blue Ribbon Schools.

Purpose and Method of Operation

The Arts in Education program was designed to encourage and support programs that recognize and stress the essential role the arts can play in elementary and secondary education, conduct demonstration programs encouraging the involvement of disabled people in the arts, and foster greater awareness of the need for arts programs for the disabled. Two awards for activities of national significance are made. One is to the John F. Kennedy Center for the Performing Arts, the other to Very Special Arts (VSA).

The Kennedy Center grant provides support for the Alliance for Arts Education, a national network of State arts education committees whose focus is on the advancement, quality, and integration of the arts into basic education programs. Funds are given to these committees to operate and develop programs to meet the arts education needs of their States. The Kennedy Center grant also provides partial support for the Center's Theater for Young People, which promotes the expansion of opportunities for children and youth to participate in the arts as performers or as audience members at live performances. The Kennedy Center is also permitted to use its grant to support the American College Theater Festival and the National Symphony Orchestra education program. It has used its grant for those purposes in the past, but in 1989 and 1990 has chosen not to do so, because it has obtained funding from other sources.

The award to VSA supports the development of quality programs to integrate the arts into the general education of disabled children and the lives of disabled adults. Through the Very Special Arts Festival program, VSA provides programs of performances, workshops, technical assistance, and training for disabled children, parents, educators, and others. Local

Purpose and Method of Operation — Continued

festivals are assisted through a program of awards and training at the local level. The program enlists the support and interest of the arts, disabled, and education communities, as well as the public at large, to stimulate general interest in and support for arts programs designed for disabled persons. To promote the development and growth of VSA programs across the country and to meet the unique needs of each State, VSA has established individual not-for-profit VSA organizations in every State and in New York City. Other VSA activities include research projects, curriculum development, and teacher training.

This is a current-funded program for which funds are available from October 1 through September 30. The level of funding is dependent upon the availability of appropriations.

Accomplishments

In 1989, the Kennedy Center received $966,264 in Federal funds in partial support of its education programs. These funds were used primarily for the 47 State committees in the Alliance for Arts Education (AAE). Through the Alliance, 4 arts educators were awarded Kennedy Center Fellowships for Teachers of the Arts, and 23 school principals and superintendents received AAE School Administrator Awards for fostering the arts in their schools and school districts. In addition, awards and citations of excellence were given to several boards of education for their support of arts education.

In addition, the Alliance sponsored a cultural exchange to Hong Kong and the People's Republic of China and produced the Concert Hall presentation and performance of 12 Presidential Scholars in the Arts. More than 750,000 young people, teachers, and other adults participated in the Kennedy Center "Imagination Celebration," the national children's arts festival, in 13 U.S. cities as well as in Australia and the People's Republic of China. In total, the number of people directly served by the network of AAE organizations in the States increased to 4.6 million in fiscal year 1989, more than double the number of the previous year. The Kennedy Center Theater for Young People (formerly Programs for Children and Youth) provided 200 free or low-cost performances and events to audiences of more than 90,000. It also offered classes in acting to approximately 750 Washington-area young people, some of whom also were offered performance opportunities at the Center.

In 1989, VSA received $2.5 million for its programs, which included 650 Very Special Arts Festivals held throughout the country. A variety of "special project" programs, including the VSA Young Playwrights program, the New Visions Dance project, and the Early Childhood project for infants and

Accomplishment — Continued

preschool children with special needs, also were implemented in hundreds of communities. VSA's Itzhak Perlman Award, which recognizes a student with a disability who has exhibited outstanding accomplishments in the performing arts, was given to Orlando Fiol, a 16-year-old pianist who has been blind since birth. VSA also provided technical assistance to the 52 VSA State organizations to aid them in the continued development of their statewide programs.

Also in 1989, VSA presented its first International Very Special Arts Festival, which drew more than 1,000 delegates from 50 States and 56 countries to Washington, D.C. for a week in June. All forms of artistic presentations by artists with physical, mental, and emotional disabilities were represented. Artists such as Michael Douglas, Marsha Mason, Jim Henson, Kenny Rogers, and Pearl Bailey joined volunteers, teachers, and others in this showcase of model programs and innovative educational techniques designed for people with special needs.

1991 Budget Proposal

Funding for this program in 1991 is requested at $3,972,000, an increase of 4.2 percent over the 1990 level to offset increased costs. The Arts in Education program is the only program in the Department that directly supports the arts. The arts have long been recognized as essential to a well-rounded education. The expression and interpretation of art provides our children with examples of the breadth, depth, and complexity of human nature and enriches their perceptions of themselves and society — thus contributing to their character and values.

Impact Data	1989	1990	1991
Very Specials Arts	$2,491,736	$2,845,736	$2,965,000
Festivals	650	650	650
Participants	875,000	875,000	875,000
John F. Kennedy Center for the Performing Arts	$966,264	$966,264	$1,007,000
Theater for Young People: Participants	90,000	90,000	90,000
Alliance for Arts Education: "Imagination Celebration" participants	750,000	750,000	750,000
Other program participants	3,850,000	3,850,000	3,850,000

1. Educational improvement: b. National programs: (4) Law-related education
(Elementary and Secondary Education Act of 1965, Section 1565)

1991 Authorization: [1]

Budget Authority:

1990 Appropriation	1991 Request	Increase or Decrease
$4,824,000[2]	$4,824,000	---

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[1] A total of $640,000,000 is authorized for Chapter 2. From the amount appropriated, a maximum of 6 percent may be set aside for National Programs. Subject to the availability of funds under this set-aside, the statute requires that the Law-Related Education program be funded at no less than $3,200,000.

[2] Reflects proposed reprogramming of $114,000 to Blue Ribbon Schools.

Purpose and Method of Operation

The purpose of this program is to provide students with knowledge and skills pertaining to the law, the legal process, the legal system, and the fundamental principles and values on which these are based. Competitive grants are awarded to State and local educational agencies or other public or private agencies, organizations, or institutions. This is a current-funded program for which funds are available from October 1 through September 30. The level of funding is dependent upon the availability of appropriations.

Accomplishments

In 1989, the Department made 32 awards in its annual law-related education competition. Most grantees are bar associations, institutions of higher education, school districts, or a combination of entitites working in partnership. Of the 32 projects, 1 is national, 10 statewide, 2 regional, and 19 local in scope. The national project includes a summer institute in which the participants developed and disseminated, nationwide, a lesson plan book that incorporates promising practices developed by law-related education programs throughout the country. One of the statewide projects was developed to further institutionalize a law-related education partnership among a university, a State department of education, all local school districts in the State, the State Attorney General's office, the Governor's office, and the State Bar.

School Improvement Programs

1. Educational improvement: b. National programs: (4) Law-related education

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Accomplishments — Continued

Priorities for this program are announced annually in the Federal Register. For 1990, the Secretary invited applications for projects to develop, test, demonstrate, and disseminate new approaches or techniques in law-related education that can be used and eventually institutionalized by other agencies and institutions. In particular, the Secretary sought applications for projects to (1) show the significance of moral and ethical choices in the making and following of laws, or (2) increase knowledge and understanding of the differing jurisdictional authorities and functions of local, State, and Federal court and legal systems in the United States. Awards will be made in spring 1990.

1991 Budget Proposal

Funding for this program in 1991 is requested at $4,824,000, the same as the 1990 level; no additional funding is requested because the program has already received a 152 percent increase since fiscal year 1986.

The Law-Related Education program makes a contribution to civic education at the elementary and secondary school levels through the support of projects that foster student citizenship and character development. These projects serve large numbers of teachers and students and have an impact on curriculum development, teacher training, and a variety of special programs and projects related to law-related and civics education. Grantees report that the program has been successful at institutionalizing law-related education into the curriculum in school districts, and that children involved in law-related education develop a greater respect for the law.

Impact Data	1989	1990	1991
Number of awards	32	39	39
Average award	$123,500	$123,500	$123,500

School Improvement Programs

1. Educational improvement: b. National programs: (5) Blue ribbon schools (Elementary and Secondary Education Act of 1965, Section 1566)

1991 Authorization: 1/

Budget Authority:

1990 Appropriation	1991 Request	Increase or Decrease
$873,000 2/	$873,000	---

1/ A total of $640,000,000 is authorized for Chapter 2. From the amount appropriated, a maximum of 6 percent may be set aside for National Programs. Within this set-aside, the Secretary is authorized to make available up to $1,500,000 for the Blue Ribbon Schools program.

2/ Reflects a proposed reprogramming of $379,000 from funds appropriated for the other National programs.

Purpose and Method of Operation

The Blue Ribbon Schools program provides the Secretary with the authority to recognize schools and school programs for their high quality. Schools or programs are selected solely on merit. Those recognized need not be representative of the States. The program, first authorized for 1989, continues the elementary and secondary school recognition programs, which have been conducted by the Department in alternate years since 1983.

Applications from schools that wish to be considered and have been nominated by their State are reviewed by a panel of experts, which selects schools for on-site examination by other non-Federal experts. Reviews focus on philosophy, goals, organization, leadership, curriculum, instruction, student achievement, community relations, and efforts to maintain high quality programs and make improvements. Following the on-site reviews, final selections are made, and the winners are invited to Washington, D.C. to a ceremony celebrating their accomplishments.

This is a current-funded program for which funds are available from October 1 through September 30. The level of funding is dependent upon the availability of appropriations.

Accomplishments

In 1989, 218 public and private secondary schools were selected from among the 629 that were nominated and the 263 that were examined on-site. Geography was designated as an area of special emphasis to highlight the need for greater

Accomplishments--Continued

attention to geography education in secondary schools and to help identify some exemplary models. Twenty-two of the 218 blue ribbon schools selected were cited as having comprehensive geography programs, and 4 of these received special certificates from the National Geographic Society at the Washington, D.C. recognition ceremony in September. Twenty-two schools received national recognition for a second time, having made substantial improvements in their local school programs since the last time they were honored.

In 1990, about 230 elementary schools will be selected for recognition from among the 525 nominated. States have been asked to limit their nominations to a number equal to the size of their Congressional delegation, in order to place more emphasis on the State role in selection and to enable the review panel to make better judgments on a more manageable number of schools.

1991 Budget Proposal

For 1991, $873,000 is requested, the same as the 1990 level following the proposed reprogramming of $379,000 from other National programs. The 1991 request provides the minimum amount necessary to defray the costs of the program's selection process. That process involves the initial review of the extensive applications submitted by the schools nominated by the States, and subsequent, on-site review of those schools recommended for further consideration. Both reviews are conducted by non-Federal personnel who volunteer their time. Federal funds cover only the expenses of the reviewers and the costs of the support contract. Costs of the recognition ceremonies are to be met through private contributions. The 1991 program will recognize exemplary secondary schools.

2. Drug-free schools and communities: a. State grants
(Elementary and Secondary Education Act of 1965, Title V, Part B)

1991 Authorization: Indefinite 1/

Budget Authority:

1990 Appropriation	1991 Request	Increase or Decrease
\$437,881,000 2/	\$487,619,000	+\$49,738,000

1/ Of the total amount appropriated for Title V, except for Part C and Sections 5136, 5137, and 5146, 17.2 percent of the first \$347,500,000 appropriated and 1.2 percent of any amount appropriated above that level is reserved for National Programs under Part D. The remainder is available for State Grants.

2/ Excludes \$24,688,000 for emergency grants, which will become a Federal discretionary program in 1991.

Purpose and Method of Operation

The purpose of the Drug-Free Schools and Communities program is to bring the Nation closer to the goals of a drug-free generation and a drug-free society. The Drug-Free Schools and Communities Act (DFSCA) includes specific authorizations of appropriations for programs of school personnel training (Part C of the legislation), emergency grants (Section 5136), a drug-free school zones demonstration program (Section 5137), and, for 1991 only, dissemination of information and technical assistance (Section 5146). The DFSCA also authorizes State grants (Part B) and National programs (Part D), for which funds are to be allocated by formula. Under amendments adopted in 1989, the distribution of appropriations for the DFSCA is to be as follows:

- Funds are appropriated directly for each of Part C, Section 5136, Section 5137, and Section 5146.
- Funds are appropriated for Parts B and D.
    - Of the first \$347.5 million appropriated for Parts B and D, 17.2 percent is reserved for Part D, 1 percent is allocated to the Territories, and 81.8 percent is distributed to the 50 States, the District of Columbia, and Puerto Rico on the basis of school-aged population, with no State receiving less than 0.5 percent of the 81.8 percent available. State and local educational agency programs receive 70 percent of each State's grant; the Governor's office of each State receives 30 percent for programs administered by that office or another office designated by the Governor.

Purpose and Method of Operation -- Continued

- If the appropriation for Parts B and D exceeds $347.5 million, the additional funds are allocated as follows:
  - One percent is allocated to the Territories (under Part B), 1 percent is reserved for programs for Indian Youth (under Part D), and 0.2 percent is reserved for programs for Native Hawaiians (also under Part D).
  - Any remaining funds up to $14.7 million are distributed among the Governors of each State on the basis of school-aged population, and added to the Governors' 30 percent share.
  - For 1990 only, a total of $25 million will be distributed among the Governors of each State on the basis of school-aged population for emergency grants to LEAs as authorized by Section 5136.
  - All additional funds (other than those appropriated for Part C and Sections 5136, 5137, and 5146) are distributed to the States, half on the basis of school-aged population and half on the basis of funds received for the preceding year under Part A of Chapter 1 of Title I of the Elementary and Secondary Education Act (ESEA). No State receives less than 0.5 percent of this additional amount.

This is a forward-funded program. Funds are available for obligation to the States from July 1 of the fiscal year in which they are appropriated through September 30 of the following fiscal year. The level of funding is dependent upon the availability of appropriations.

State and Local Educational Agency Programs

State and local educational agency programs are administered as follows:

- Up to 10 percent of the first $198,978,500 allocated to States is available to State educational agencies (SEAs) for training programs; the development, identification, dissemination, and evaluation of curricular materials; demonstration projects; special assistance to economically disadvantaged areas; technical assistance; and (subject to a cap of 5 percent of the entire grant) State administration.
- At least 90 percent of the first $198,798,500 is passed through to local and intermediate educational agencies, and consortia of those agencies, under a formula based on school-aged population. All additional State grant funds must be distributed on the basis of funds received by the local educational agencies within the State for the preceding year under Part A of Chapter 1 of Title I of

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Purpose and Method of Operation -- Continued

the ESEA. Local activities include: the development and acquisition of curricular materials; school-based prevention programs; family-based prevention programs; counseling programs for students and parents; outreach activities for school dropouts; referral programs; training programs for teachers, school personnel, community leaders, and law-enforcement personnel; public education programs; efforts to enhance the identification and discipline of drug and alcohol abusers; special programs for student athletes; and model alternative schools that address the special needs of students with drug problems. Equitable participation of students in private nonprofit schools is required.

Governor's funds

Up to 2.5 percent of the Governors' funds may be used for program administration at the State level. Also, for 1990 only, $25 million is reserved for emergency grants to LEAs with a high incidence of drug abuse. Of the remaining funds:

- Up to 50 percent may be used for awards to parent groups, community action agencies, community-based organizations, and other public and private nonprofit entities for local drug and alcohol abuse prevention programs; training programs for teachers, parents, and law-enforcement officials; the distribution of training materials; technical assistance to local programs; intra-state drug and alcohol abuse education and prevention centers; the coordination of community efforts; and the establishment and maintenance of drug-free zones for schools within the State.
- At least 50 percent is reserved for awards to public and private nonprofit entities for innovative, community-based programs for "high-risk" youth, including juveniles in State detention facilities.

Application and Reporting Requirements

To receive a grant, a State must submit a three-year application to the Secretary. Under the State and local program, a local or intermediate educational agency or consortium must submit an application, for up to a three-year period, to its SEA for approval. For the Governor's funds, an eligible subrecipient must submit an application to the Governor's office or an office designated by the Governor. Each State must report every two years to the Secretary describing the drug and alcohol problem in the elementary and secondary schools in the State and the types of services provided and populations served with assistance from this program, including an evaluation of the effectiveness of its programs. Local and intermediate educational agencies and consortia must submit an annual progress report to their SEA on the implementation of their programs, including evaluation of their effectiveness.

2. Drug-free schools and communities: a. State Grants

Accomplishments

In April 1989, the Department held its third annual Conference on Drug-Free Schools to assist State officials in implementing their programs. Fiscal year 1989 State grant awards were made in July 1989. State and local educational agencies are using their funds for a variety of activities including teacher training, curriculum development, outreach programs, parent education, peer leadership and counseling, radio programs, intervention strategies, and workshops and conferences. The Governors awarded their funds to a variety of organizations including youth and family service agencies, schools and school districts, mental health agencies, hospitals, and State departments of corrections, criminal justice, and alcohol and drug abuse. Governors in each State targeted between 50 and 100 percent of their funds on programs for high-risk youth.

In 1988, the Department contracted for a two-year implementation study of State and local programs supported by the Drug-Free Schools and Communities Act to examine how these programs are being planned, implemented, administered, and evaluated. The study, due for completion in winter 1991, will provide descriptive information on topics such as the kinds of programs and services being implemented; the nature of collaboration among Governors' offices, State departments of education, and State alcohol and drug abuse agencies; and ways to measure the effects of these new programs.

1991 Budget Proposal

For fiscal year 1991, $487,619,000 is requested for Drug-Free Schools and Communities State grants, an increase of almost $50,000,000, or 11.4 percent over the 1990 appropriation (excluding funds for emergency grants), to provide increased support for drug abuse education activities at the State and local levels. The Department regards this program as an essential component of a comprehensive strategy to reduce the demand for and use of drugs throughout the Nation, and as particularly essential in getting drugs out of the Nation's schools. While the Department does not yet have documented evidence of its effectiveness, site visits to the States have found that State and local officials are making a good-faith effort to implement the best programs possible and consider these funds critical to their efforts to fight drug abuse. Overall drug use by youth appears to be declining, as evidenced by the most recent survey of high school seniors conducted by the Institute for Social Research, University of Michigan, and the National Household Survey conducted by the National Institute on Drug Abuse, but there is clearly more to do. The Administration believes that efforts focusing on education and prevention will ultimately provide the key to winning the war on drugs.

School Improvement Programs

2. Drug-free schools and communities: a. State Grants

1991 Budget Proposal — Continued

Fiscal year 1991 will mark the fifth year of funding for the Drug-Free Schools and Communities program. Since the program began, a great deal has been learned and disseminated about what educational approaches are most effective in preventing drug use. Consequently, we view the program as having even greater potential over the next several years to contribute to a reduction in drug use by our Nation's youth and to help ensure a drug-free environment in our Nation's schools and communities.

Impact Data	1989	1990	1991
Grants to States:	$284,255,000	$434,343,000	$483,584,000
Amount to SEAs and LEAs	198,979,000	335,614,000	383,608,000
Amount for Governors	85,277,000	98,729,000	99,977,000
Average State award	5,466,000	8,828,000	9,300,000
Smallest State award	1,421,000	2,128,000	2,374,000
Largest State award	30,008,000	46,023,000	51,065,000
Total for Outlying Areas	3,475,000	3,538,000	4,035,000

2. Drug-free schools and communities: b. School personnel training (Elementary and Secondary Education Act of 1965, Title V, Part C)

1991 Authorization: $35,000,000 1/

Budget Authority:

1990 Appropriation	1991 Request	Increase or Decrease
$14,554,000 2/	$14,554,000	---

1/ No funds are authorized unless the amount appropriated for Title V (except for Part C and Sections 5136, 5137, and 5146) is at least $215,000,000.

2/ Excludes approximately $9,000,000 appropriated for training grants to institutions of higher education under Section 5131(b) of the Elementary and Secondary Education Act (ESEA). Under the Drug-Free Schools and Communities Act Amendments of 1989, funds appropriated for training grants under Section 5131(b) must be expended under the authority of Part C.

Purpose and Method of Operation

Under this program, funds are made available to establish, expand, or enhance programs and activities for the training of teachers, administrators, guidance counselors, and other school personnel concerning drug and alcohol abuse education and prevention. Such programs must be coordinated, as appropriate, with the State agency for higher education, the State educational agency, and the regional alcohol and drug abuse education centers operated under Drug-Free Schools National Programs.

Funds are awarded competitively. Eligible grantees are limited to State, local, or intermediate educational agencies, institutions of higher education, and consortia thereof.

This is a current-funded program for which funds are available from October 1 through September 30. The level of funding is dependent upon the availability of appropriations.

Accomplishments

This program was enacted as part of the Anti-Drug Abuse Act of 1988 and funded for the first time in 1989. In 1989, invitational priorities were announced for projects to operate summer training institutes, training programs for educational personnel who work with high-risk youth, and training programs for educational personnel that emphasize the involvement

Accomplishments

and cooperation of the family, school, and community in drug and alcohol abuse prevention education and intervention. Fifty-six grants were awarded for a variety of projects, including the development of new training models for elementary and secondary school teachers.

1991 Budget Proposal

For fiscal year 1991, $14,554,000 is requested for Drug-Free Schools and Communities School Personnel training grants, the same as the 1990 appropriation. Funding for this program more than doubled from 1989 to 1990. The requested amount will enable the Department to contribute significantly to the training of teachers and other school personnel in the area of drug and alcohol abuse education and prevention. Additional school personnel training is provided under the Drug-Free Schools and Communities State Grant and Regional Centers programs.

Impact Data	1989	1990	1991
Number of awards	56	116 1/	116
Average award	$125,000	$125,000	$125,000

1/ Excludes an estimated 72 awards under this program made with approximately $9,000,000 available for Section 5131(b) of ESEA.

2. Drug-free schools and communities: c. National programs (Elementary and Secondary Education Act of 1965, Title V, Part D)

1991 Authorization: 1/

Budget Authority:

1990 Appropriation	1991 Request	Increase or Decrease
$61,127,000	$66,127,000	+$5,000,000

1/ Of the total amount appropriated for Title V, except for Part C and Sections 5136, 5137, and 5146, 17.2 percent of the first $347,500,000 appropriated and 1.2 percent of any amount appropriated above that level is reserved for National Programs under Part D. The remainder is available for State Grants. Authorization levels for Sections 5136, 5137, and 5146 are $25,000,000, $2,000,000 and $500,000, respectively.

National Programs

Drug-Free Schools and Communities National Programs provide funds for a wide variety of programs designed to combat drug abuse in schools and communities, primarily through education and prevention activities. The Drug-Free Schools and Communities Act establishes set-asides for grants to institutions of higher education, Federal activities, programs for Indian youth, programs for Hawaiian natives, and regional centers. In addition, the Drug-Free Schools and Communities Act Amendments of 1989 created new authorizations for programs of emergency grants, drug-free school zone demonstrations, and dissemination of information and technical assistance. This is a current-funded program for which funds are available from October 1 through September 30. The level of funding is dependent upon the availability of appropriations.

Programs for Students Enrolled in Institutions of Higher Education

Purpose and Method of Operation

Eight percent of the first $347.5 million appropriated for the Drug-Free Schools and Communities Act (not including appropriations for Part C and Sections 5136, 5137, and 5146) is reserved for grants to institutions of higher education (IHEs). At least half this amount must be used to develop, implement, operate, and improve programs of drug abuse education and prevention for students enrolled in IHEs. Programs may include referral for rehabilitation.

Accomplishments

In 1989, the Department held 4 competitions under this program. The principal competition was for IHEs to develop, implement, operate, and improve comprehensive institution-wide programs of drug and alcohol abuse prevention and education; 110 awards were made. Under a second competition, awards were made to four national student organizations for activities designed to increase and facilitate the success of comprehensive drug prevention programs. The third competition commissioned four papers to formulate new approaches in campus drug prevention programs. Under the fourth competition, 58 awards were made for projects designed to develop, implement, operate, or improve networks of higher education professionals to develop and improve their own comprehensive, institution-wide programs of drug education and prevention. Similar competitions will be held again in 1990, in addition to two new competitions for the analysis and dissemination of successful institution-wide projects supported with 1987 and 1988 funds.

Demonstration Programs Conducted by Institutions of Higher Education

Purpose and Method of Operation

Up to half of the 8 percent reserved for grants to institutions of higher education is available for demonstration programs in drug abuse education and prevention. Demonstration programs include projects coordinated with local elementary and secondary schools for the development of quality drug abuse education curricula through the practical application of the findings of educational research and evaluation and the integration of such research findings into drug abuse education and prevention programs. Prior to enactment of the Drug-Free Schools and Communities Act Amendments of 1989, training programs conducted by IHEs were also authorized under this set-aside. As required by the 1989 Amendments, funds appropriated for training programs in 1990 are being expended under the authority of the Part C School Personnel Training program.

Accomplishments

In 1989, under the training authority in place at that time, the Department funded 56 projects to provide training for law enforcement officials, judicial officials, community leaders, parents, and government officials in drug abuse education and prevention for use in elementary and secondary schools. These projects undertook such activities as teacher training, programs for secondary schools parents in low-income housing projects, and programs for other community members. In 1990, in accordance with the 1989 Amendments, approximately 72 training grants funded by this set-aside will be administered under the Part C training authority. No new training grants will be awarded under this set-aside.

Federal Activities

Purpose and Method of Operation

Three and one-half percent of the first $347.5 million appropriated for the Drug-Free Schools and Communities Act (not including appropriations for Part C and Sections 5136, 5137, and 5146) is reserved for Federal Activities. These funds are used for communicating to students at all educational levels the dangers of alcohol and drug abuse; developing and disseminating curriculum materials; providing technical assistance to SEAs, LEAs, and intermediate educational agencies in selecting and implementating curricula, approaches, and programs; and evaluating programs funded under the Act. In addition, the Secretary is required to use at least $1,000,000 during the period 1989 to 1993 for the development and dissemination of drug abuse education and prevention curricula, programs, and training materials for use in early childhood development programs.

Accomplishments

In 1989, Federal Activities funds supported a wide variety of drug prevention activities. Three invitational priorities for grants were established for projects designed for students in grades kindergarten through eight: one for awards for projects implementing cooperative programs with law-enforcement, judicial, and government officials; another for projects that are designed to educate parents and school personnel about substance abuse and how it may be prevented, detected, and treated; and another for projects that communicate to students the dangers of drug and alcohol use. A total of 42 awards were competitively selected from the 405 applicants that responded to the priorities. Fiscal year 1990 grants will be used primarily for projects designed for students in grades four through eight to educate parents and school personnel on preventing the use by students of "gateway drugs" (tobacco and alcohol) and on prevention and early intervention for children of alcoholics. Grants also will be awarded for model alternative programs that address the special needs of youth with drug problems.

Also in 1989, in conjunction with the regional centers, the Department held five regional conferences to "showcase" the 47 schools honored in the Department's second Drug-Free School Recognition program and to strengthen coordination at the State level among the different agencies involved in drug prevention and substance abuse. The Network of Drug-Free Colleges and Universities, begun in 1987, continued to promote its standards for institutions to adopt in their local efforts to build comprehensive programs and policies against drug and alcohol use. The standards have received the endorsement of several higher education organizations, and, to date, over

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Accomplishments -- Continued

1,200 colleges and universities have joined the Network. The Network also held a National Forum on Substance Abuse Issues, sponsored ten regional workshops to provide assistance to institutions of higher education in developing campus-wide action plans to combat drug and alcohol abuse, and established 20 regional networks to help institutions share ideas and resources for enhancing program and policy development.

Fiscal year 1989 funds also provided continued support for a descriptive study of the implementation of State and local programs (due for completion in 1991) supported with Drug-Free Schools and Communities funds; for a study of promising substance use education and prevention programs (also due in 1991) supported with Federal Activites grant funds or honored in the Department's Drug-Free School Recognition program, to determine whether the substance use prevention activities offered by these grantees and schools led to changes in students' knowledge, attitudes, and behaviors; for printing of a new handbook for parents entitled Growing Up Drug-Free: A Parent's Guide to Prevention (currently being distributed to parents, educators, and community groups); for printing and distributing the revised, second edition of the Department's handbook Schools Without Drugs (including a Spanish edition); for printing and distributing the Department's bimonthly drug prevention newsletter, The Challenge; and for beginning development of drug abuse education and prevention curricula, programs, and training materials for use in early childhood education. Also, as in 1987 and 1988, the Department transferred $500,000 to the Department of Health and Human Services to help operate the National Clearinghouse for Alcohol and Drug Information. The Department plans to continue all of these initiatives in 1990, as well as support the production of a new drug prevention video designed for inner-city and Hispanic youth, distribute a drug prevention curriculum model for grades kindergarten through 12, and conduct additional evaluation activities.

Programs for Indian Youth

Purpose and Method of Operation

One percent of the appropriation for the Drug-Free Schools and Communities Act (excluding amounts appropriated for Part C and Sections 5136, 5137, and 5146) is reserved for programs that support alcohol and drug abuse education and prevention programs for Indian children on reservations served by the Department of the Interior.

Since 1987, the Department of Education has maintained an agreement with the Department of the Interior under which the Bureau of Indian Affairs (BIA) operates this program. Under the agreement, at least 90 percent of the

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Purpose and Method of Operation -- Continued

funds transferred are used for awards to BIA schools serving Indian children. Up to 10 percent of the funds may be retained by the BIA for training programs; the design and implementation of curricular materials; demonstration projects; special assistance to economically disadvantaged areas; technical assistance; and (subject to a 2.5 percent cap) administration of the program. In fiscal year 1989, funds supported curriculum implementation, inservice and preservice workshops, training of students and school teams, and drug education conferences.

Programs for Hawaiian Natives

Purpose and Method of Operation

One-fifth of one percent of the appropriation for Drug-Free Schools and Communities (excluding amounts appropriated for Part C and Sections 5136, 5137 and 5146) is reserved for alcohol and drug abuse education and prevention programs for the benefit of Hawaiian Natives. To be considered for funding, applicants must be recognized by the Governor of Hawaii.

Accomplishments

In 1987, a three-year award for this program was granted to the Kamehameha Schools/Bernice Pauahi Bishop Estate (the only applicant recognized by the Governor). Funds have been used primarily to develop a community-based K-12 substance abuse prevention demonstration program to teach parents culturally appropriate ways to identify and address substance abuse issues in their families. In coordination with the Hawaii State Department of Education, the grantee also worked on the design and execution of a Statewide prevalence survey of alcohol and drug use. In addition, the grantee developed a partnership with the Nanakuli Homestead Association to conduct an alcohol and drug education program to teach coaches identification and assessment skills within the context of organized recreational activities. The award for this program will be recompeted in 1990.

Regional Centers

Purpose and Method of Operation

Four and one-half percent of the first $347.5 million appropriated for the Drug-Free Schools and Communities Act (not including appropriations for Part C and sections 5136, 5137, and 5146) is reserved for the regional centers program. Under this program, awards are made to five regional centers to:

Purpose and Method of Operation — Continued

- Train school teams to assess alcohol- and drug-related problems confronting their schools and mobilize communities in response to those problems;

- Help local educational agencies and institutions of higher education to develop drug prevention training programs for teachers and school personnel;

- Evaluate anti-drug programs and strategies for effectiveness and disseminate information about successful programs; and

- Assist State educational agencies in coordinating and strengthening alcohol and drug abuse prevention policies and programs in schools.

A small amount of the funds for this program has been set aside for a project to provide management support for the centers. The project collects and disseminates information on exemplary programs, organizes workshops and conferences, and compiles a data base on the activities of the centers.

Accomplishments

In 1987, the Department held a national competition to select the five centers, which were awarded funds under three-year cooperative agreements. The third year of funding to these centers was awarded in summer 1989. On average, the centers have spent about half their time providing training and assistance to school teams, about a quarter of their time evaluating and disseminating information on programs and strategies, and about a quarter of their time providing assistance to LEAs, IHEs, and SEAs. A new regional centers competition will be held during 1990.

Other Authorizations

Section 5137 of Drug-Free Schools and Communities Act authorizes $2,000,000 for a program of demonstration grants to local and intermediate educational agencies, and consortia thereof, to establish and maintain drug-free school zones. Section 5146 of the Drug-Free Schools and Communities Act authorizes $500,000 for the dissemination, through the National Diffusion Network, of information and technical assistance with respect to drug abuse education and prevention programs of demonstrated effectiveness. Neither of these authorizations has been funded.

1991 Budget Proposal

For fiscal year 1991, $66,127,000 is requested for Drug-Free Schools and Communities National programs, an increase of $5,000,000 over the 1990

1991 Budget Proposal — Continued

appropriation. Appropriations language has been provided overriding the authorizing statute by earmarking the proposed increase for Federal Activities, thus enabling the Department to expand its support of nationally significant programs and projects at all levels of education. The Federal Activities authority is the most flexible and responsive of the National programs activities. With these funds, the Department has contributed substantially to the national effort to get drugs out of our schools, colleges, and communities. The increased funds are needed to support a variety of programs and projects, as well as the Department's increasing efforts to evaluate substance use education and prevention programs.

Level funding is proposed for each of the other National programs activities in order to target most of the requested increase on State grants. No funds are requested for the new programs of drug-free school zones demonstrations or dissemination of information and technical assistance, however. Drug-free school zones are an authorized activity under the State grant program and have already been enacted into law in 35 States; no new demonstration of the concept is needed. No funding is requested for the new dissemination program because of the large amount of dissemination already taking place through the regional centers and through other programs supported under Federal Activities.

Impact Data	1989	1990	1991
Federal activities	$12,163,000	$12,413,000	$17,413,000
Programs for students enrolled in IHEs	13,900,000	14,186,000	14,186,000
Demonstration programs conducted by IHEs	13,900,000 1/	14,186,000 1/	14,185,000
Programs for Indian youth	3,475,000	3,653,000	3,653,000
Programs for Hawaiian natives	695,000	731,000	731,000
Regional Centers:	15,638,000	15,959,000	15,959,000
Northeast center	3,031,000	2/	2/
Southeast center	3,149,000	2/	2/
Midwest center	3,063,000	2/	2/
Southwest center	3,043,000	2/	2/
West center	3,022,000	2/	2/
Management support	330,000	2/	2/
Drug-free schools zones demonstrations	---	---	---
Dissemination of information and technical assistance	---	---	---

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1/ Includes $13,900,000 in 1989 and approximately $9,000,000 in 1990 for school personnel training grants.

2/ Allocations to the individual centers are not available at this time.

2. Drug-Free Schools and Communities: d. Emergency grants
(Elementary and Secondary Education Act of 1965, Title V, Section 5136)

1991 Authorization: $25,000,000

Budget Authority:

1990 Appropriation	1991 Request	Increase or Decrease
$24,688,000[1]	$25,000,000	+$312,000

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[1] Appropriated under Drug-Free Schools State grants in 1990.

Purpose and Method of Operation

The Emergency Grants program, established by the Drug-Free Schools and Communities Act Amendments of 1989, provides funds to school districts that demonstrate significant need for additional assistance in combating drug and alcohol abuse. To be eligible for an emergency grant, a school district must have a significant number or concentration of Chapter 1-eligible children and serve an area: (1) in which there is a large number or percentage of arrests for, or while under the influence of, drugs or alcohol or convictions of youths for drug or alcohol-related crimes; (2) in which there is a large number or high percentage of referrals of youths to drug and alcohol abuse treatment and rehabilitation programs; and (3) that has a significant drug and alcohol abuse problem, as indicated by other appropriate data. Grants may range from $100,000 to $1 million. For 1991, this will be a current-funded program for which funds will be available from October 1 through September 30. The level of funding is dependent upon the availability of appropriations.

Accomplishments

For 1990, funds for this program are appropriated as part of the State grant program and are provided on a forward-funded basis. The funds are allocated to the Governor of each State on the basis of school-aged population for distribution through State educational agencies to local school districts. Beginning in 1991, this program is authorized as a Federal discretionary grant program.

1991 Budget Proposal

Funding for Drug-Free Schools and Communities Emergency Grants, a component of the President's educational excellence initiative, is requested at $25,000,000, the full amount authorized. The Drug-Free Schools State and local grants formula, which is based on school-aged population, school enrollment, and Federal compensatory education funding, does not fully take

1991 Budget Proposal -- Continued

into account the extreme problems faced by schools that are disproportionately affected by drug trafficking and abuse. In these communities, students frequently encounter drug sales in their neighborhoods and going to and from school. Prevention and education programs that may be effective in other communities are frequently inadequate in these areas; more concentrated and comprehensive approaches are required. The Emergency Grant program will help meet the special needs of these communities in the war against drugs.

In 1991, districts will compete for funding to support a comprehensive range of services, including educational programs, counseling programs, enhancement of school security, after-school programs, programs for parents and other community outreach efforts, and alternative programs for students with a history of drug abuse or others who are difficult to reach in the regular school setting. School officials will be given maximum freedom to propose programs providing a range of services appropriate to the needs of individual districts. Applications for this special assistance will be evaluated, based on need and quality of the proposed program, by a panel of experts.

Impact Data	1989	1990	1991
Number of awards	---	1/	37
Average award	---	1/	$676,000

1/ Emergency grants in fiscal year 1990 will be administered as part of the State grant program.

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2. Drug-free schools and communities: e. National Commission on Drug-Free Schools
(Public Law 100-690, Section 5051)

1991 Authorization: Indefinite

Budget Authority:

1990 Appropriation	1991 Request	Increase or Decrease
$988,000	---	-$988,000

Program description

The Anti-Drug Abuse Act of 1988 authorizes a 26-member National Commission on Drug-Free Schools to advise the President and the Congress on strategies and criteria for achieving drug-free schools. The Commission is co-chaired by the Secretary of Education and the Director of National Drug Control Policy. Membership consists of the Secretary and the Director, 16 members appointed by them, and 8 members of Congress. The members of the Commission are representative of State and local school authorities, parent-teacher associations, education associations, community groups, law enforcement, and experts in the field of drug abuse prevention and education. The duties of the Commission are to:

- o Develop recommendations for criteria for identifying drug-free schools and campuses;
- o Develop recommendations for identifying model programs to meet such criteria;
- o Make such other findings, recommendations, and proposals as the Commission deems necessary to carry out its mission; and
- o Prepare and submit a final report of its findings and recommendations within one year of its first meeting.

This is a current-funded program for which funds are available from October 1 through September 30. The level of funding is dependent upon the availability of appropriations.

Accomplishments

The Commission, which began in August 1989, is holding six regional meetings around the country between November 1989 and February 1990 (in Portland, Oregon, Boston, Detroit, Miami, San Diego, and Salt Lake City) to learn about the issue of drug-free schools. The input the Commission receives from these meetings will be used as a basis for developing its final report. In addition to the regional meetings, the Commission will hold a general membership meeting in Omaha, Nebraska, on March 21-23, 1990, to discuss the report.

2. Drug-free schools and communities: e. National Commission on Drug-Free Schools

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Accomplishments -- Continued

Thus far, the Commission has heard testimony from dozens of persons representing a variety of schools, community agencies, and programs. In addition, the Commission has met with students, teachers, principals, superintendents, school board members, experts, and community representatives at each meeting site to discuss a range of issues, including research and evaluation; high-risk youth and special youth populations; parental involvement; curricula; overcoming community resistance to change; financial considerations; community-school partnerships; the media; school policies and programs; and postsecondary school issues.

1991 Budget Proposal

No 1991 funds are requested for the National Commission on Drug-Free Schools. The Commission is expected to submit its final report to the President and Congress in early fall of 1990 and cease operations. No additional funding, beyond the amount provided in 1990, is required.

SUPPLEMENTARY FACT SHEET

Fiscal Year 1990 Drug-Free Schools and Communities Allotment Procedure

The following procedure was used to allot 1990 funds under the Drug-Free Schools and Communities Act among authorized programs.

- o Funds appropriated under the Department of Education Appropriations Act (P.L. 101-166) and the Department of Transportation Appropriations Act (P.L. 101-164) were allocated separately under the provisions of the Drug-Free Schools and Communities Act of 1986, as amended.

- o Of the $358,315,000 appropriated for Part B (State grants) and Part D (National programs) under P.L. 101-166:

  -- The first $347,500,000 (the 1989 level) was allocated under Section 5112(c)(1) as follows: 17.2 percent for National programs, 1 percent for the Outlying Areas, and 82.8 percent for State grants.

  -- Of the reminaing $10,815,000, 1 percent was reserved for the Outlying Areas and 1.2 percent was reserved for National programs under Section 5112(c)(2)(A).

  -- The remaining $10,577,000 was allocated to the State grants (Governors' program) under Section 5112(c)(2)(B)(i).

- o Of the $172,000,000 appropriated for Parts B and D under P.L. 101-164:

  -- $170,000,000 was earmarked in appropriations language for Part B State grants, of which $25,000,000 was earmarked for Emergency grants.

  -- Of the remainder, $4,123,000 was allocated to the State grants (Governors' program) under Section 5112(c)(2)(B)(i) and $140,877,000 was allocated to the State grants (State and local educational agencies' program) under Section 5112(c)(2)(C).

  -- $2,000,000 was earmarked in appropriations language for Part D. These funds were pro-rated among the National programs activites based on their share of funds reserved under Section 5112(a).

- o Funds were appropriated directly for Part C School Personnel Training ($7,238,000 provided in P.L. 101-166 and $7,500,000 earmarked in P.L. 101-164).

- o Funds were then sequestered pursuant to P.L. 99-177 (the Balanced Budget and Emergency Deficit Control Act of 1985) and P.L. 101-239 (the Omnibus Budget Reconciliation Act of 1989) and rounded to thousands. The table on the following page displays these amounts.

DRUG-FREE SCHOOLS AND COMMUNITIES 1990 APPROPRIATION

	P.L. 101-166 ED-LABOR-HHS Appropriation	P.L. 101-164 Department of Transportation Appropriation	Presequester Total	Sequester	Total Post-Sequester
State Grants					
Governors					
Emergency	---	25,000,000	25,000,000	312,024	24,688,000
Other	95,853,570	4,122,930	99,976,500	1,247,802	98,729,000
SUBTOTAL	95,853,570	29,122,930	124,976,500	1,559,826	123,417,000
SEAs and LEAs	198,978,500	140,877,070	339,855,570	4,241,721	335,614,000
SUBTOTAL	294,832,070	170,000,000	464,832,070	5,801,547	459,031,000
Territories	3,583,150	---	3,583,150	44,721	3,538,000
TOTAL	298,415,220	170,000,000	468,415,220	5,846,268	462,569,000
Teacher Training	7,238,000	7,500,000	14,738,000	183,944	14,554,000
National Programs					
IHE Students	13,900,000	465,116	14,365,116	179,290	14,186,000
IHE Training and Demonstrations	13,900,000	465,116	14,365,116	179,290	14,185,000
Federal Activities	12,162,500	406,977	12,569,477	156,879	12,413,000
Indian Youth	3,583,150	116,279	3,699,429	46,172	3,653,000
Hawaiian Natives	716,630	23,256	739,886	9,234	731,000
Regional Centers	15,637,500	523,256	16,160,756	201,702	15,959,000
SUBTOTAL	59,899,780	2,000,000	61,899,780	781,567	61,127,000
TOTAL	365,553,000	179,500,000	545,053,000	6,802,779	538,250,000

3. Strengthening teaching and administration: a. Eisenhower mathematics and science education: (1) State grants (Elementary and Secondary Education Act, Title II, Part A)

1991 Authorization: 1/

Budget authority:

1990 Appropriation	1991 Request	Increase or Decrease
$126,837,000	$220,800,000	+$93,963

1/ Section 2004 of ESEA reserves 4 percent of the amount appropriated for Mathematics and Science Education for National Programs. The remainder is available for State Grants.

Purpose and Method of Operation

The Eisenhower Mathematics and Science Education program provides financial assistance to State educational agencies (SEAs), local educational agencies (LEAs), and institutions of higher education (IHEs) to strengthen the economic competitiveness and national security of the United States by improving the skills of teachers and the quality of instruction in mathematics and science.

By statute, of the total amount appropriated, 95 percent is to be allotted to the 50 States, the District of Columbia, and Puerto Rico; 4 percent is to be reserved for National Programs; and 1 percent is to be allocated to the Outlying Areas and to programs for Indian children in elementary and secondary schools operated by the Department of the Interior. In recent years, appropriations language has provided a higher amount for National Programs.

Under the State grant program, 50 percent of the amount available is distributed to States according to the number of children aged 5 to 17, and 50 percent is distributed based on each State's share of the previous year's Chapter 1 LEA grant allocation. No State may receive less than .5 percent of the total amount available for the States or less than its 1988 allocation under Title II of the Education for Economic Security Act. Each State must spend 75 percent of its grant for elementary and secondary programs and 25 percent for higher education programs.

This is a forward-funded program for which funds become available on July 1 of the fiscal year of the appropriation and remain available for obligation until September 30 of the following fiscal year. The level of funding is dependent upon the availability of appropriations.

Purpose and Method of Operation — Continued

Each State submits an application to the Department that covers a three-year period and includes a projection of the supply and demand for teachers within the State in all of the mathematics and science subject areas and an assessment of current elementary and secondary mathematics and science curriculum needs. An LEA that wishes to receive a grant under this program must submit an application to the State that covers a three-year period and includes a summary assessment of the needs of its current mathematics and science teachers and whether a shortage of qualified teachers exists or will exist within five years; the current levels of mathematics and science student achievement in the LEA; and the curricular needs of the LEA in mathematics and science.

Elementary and Secondary Education Programs (75 percent)

Each SEA is required to distribute at least 90 percent of the amount it receives for elementary and secondary programs to its LEAs. Of the amount distributed to LEAs, 50 percent is allocated to LEAs based on relative school enrollments and 50 percent is allotted based on shares of Chapter 1 LEA grant allocations to be used for teacher training, instructional equipment and materials, historically underrepresented and underserved persons and gifted and talented students, and dissemination. SEAs may use up to 5 percent for technical assistance, administration, and evaluation.

LEAs may use funds for expansion and improvement of preservice and inservice training and retraining of teachers in the fields of mathematics and science; recruitment or retraining of minority teachers to become mathematics and science teachers; training in and instructional use of computers, video, and other telecommunications technologies as part of a mathematics and science program; integrating higher-order analytical and problem-solving skills into the mathematics and science curriculum; or projects for individual teachers to improve their teaching ability or improve instructional materials. LEAs with at least a 50 percent low-income population may use program funds to purchase computer or telecommunications equipment.

Higher Education Programs (25 percent)

Each State must use at least 95 percent of its higher education funds for competitive grants to IHEs, and may use no more than 5 percent for the State assessment, administration, and evaluation.

IHEs may use higher education funds for establishing traineeship programs for new secondary school mathematics and science teachers; retraining secondary school teachers in the fields of mathematics and science; and inservice training for elementary, secondary, and vocational teachers in mathematics and science.

School Improvement Programs

3. Strengthening teaching and administration: a. Eisenhower mathematics and science education: (1) State grants

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Accomplishments

In 1989, the Department contracted for a two-year national study of the Eisenhower Mathematics and Science Education State Grant program. The purpose of the study is to determine what activities have been funded and to assess the impact of expenditures under the program. The final report is expected to provide a systematic national profile of activities supported by the program, demonstrate typical practices, and illustrate exceptional uses of funds. The final report is due in the fall of 1990. Preliminary findings indicate that, although Eisenhower projects resemble teacher preparation and enhancement projects supported by NSF, there are several key differences between the programs. Eisenhower projects tend to be smaller and far more numerous; are often more closely aligned with specific improvement priorities of a given State; and serve more teachers than NSF projects, but generally with less intensity. In addition, due to less elaborate review processes (Eisenhower projects need not satisfy national demonstration criteria), Eisenhower projects can be implemented on a shorter timeline.

In November 1989, the Department conducted the first joint national conference between State Title II program coordinators and project leadership teams from over 50 national discretionary mathematics, science, and technology programs. Other participants included representatives from national educational organizations and Federal, State, and local educational officials. The conference focused on clarifying program procedures including those required by the legislation and regulations; the President's and the Secretary's educational priorities; increasing coordination between State Grants and National programs and between the Eisenhower program and other related Federal programs; sharing program successes and future plans; and developing new networks for improving math and science education.

In addition, the Department has initiated the development of model reporting standards that will form the basis for the annual collection of data on the Eisenhower program including the number of teacher participants.

1991 Budget Proposal

For 1991, the Department is requesting $220,800,000 for the Eisenhower Mathematics and Science Education State Grant program, a 74.1 percent increase over the 1990 appropriation. Improvement of math and science education is one of the Administration's highest priorities because improved performance in science and math is critical for keeping America competitive in an increasingly technological world. Since Eisenhower program resources are available to States on an annual basis and can be used quickly to build and maintain State support networks, the Eisenhower program is very popular among potential grantees. These funds would support efforts to improve math and science teaching, raise the educational attainment levels of American students in math and science, and increase opportunities for women and minorities in these fields. The Department intends to continue efforts to coordinate math/science education activities with the National Science Foundation and other Federal, State, and local agencies and private organizations.

School Improvement Programs

3. Strengthening teaching and administration: a. Eisenhower mathematics and science education: (1) State grants

Impact Data	1989	1990	1991
Amount for States:	$127,066,000	$125,481,000	$218,500,000
Maximum State grant	13,446,000	17,738,000	22,015,000
Minimum State grant	635,000	627,000	1,092,000
Amount for Outlying Areas	687,000	678,000	1,150,000
Amount for Indian schools	687,000	678,000	1,150,000
Average State grant:	2,444,000	2,413,000	4,202,000
Elementary and secondary programs:	1,833,000	1,810,000	3,152,000
Maximum available to SEAs	183,000	181,000	315,000
Minimum available to LEAs	1,650,000	1,629,000	2,837,000
Higher education programs:	611,000	603,000	1,050,000
Maximum available for State higher education agency	31,000	30,000	52,000
Minimum available for IHEs	580,000	573,000	998,000

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3. Strengthening teaching and administration: a. Eisenhower mathematics and science education: (2) National programs
(Elementary and Secondary Education Act, Section 2012)

1991 Authorization: 1/

Budget Authority:

1990 Appropriation	1991 Request	Increase or Decrease
$8,781,000 2/	$9,200,000	+$419,000

1/ Section 2004 of ESEA reserves 4 percent of the amount appropriated for Mathematics and Science Education for National Programs. The remainder is available for State Grants.

2/ In 1990, the appropriations act made an amount greater than 4 percent available for National Programs.

Purpose and Method of Operation

This program provides grants and cooperative agreements for programs of national significance in mathematics and science instruction. Special consideration may be given to applicants proposing to offer special services to populations that have been underserved and underrepresented in the fields of science and mathematics. Projects may demonstrate not only nationally significant approaches to teaching science and mathematics, but also teacher training designed to result in such instruction.

This is a current-funded program for which funds are available from October 1 through September 30. The level of funding is dependent upon the availability of appropriations.

Accomplishments

In 1989, 29 awards were made following two competitions, one for elementary level projects (16 were funded) and another for secondary school projects (13 were funded). About two-thirds of the projects funded are concentrating on the sciences, and one-third on mathematics. Applicants responded to priorities on services to the underrepresented and underserved and on introducing new technologies to the classroom. A majority of the projects funded involve collaborative efforts among school districts, universities, and other organizations, including science museums and the business community. A number of projects are of substantial size and duration, and several build on NSF-funded curriculum development efforts.

For the first time, in the fall of 1989, directors of projects funded under National Programs met jointly with representatives of the State Grants

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Accomplishments--Continued

program. At the meeting, projects were urged to coordinate with and use the resources of other Federal agencies. Representatives of the NSF, Department of Energy, NASA, and the White House were on hand.

For 1990, a single competition is planned with priorities on improving teacher qualifications and skills and improving curriculum in mathematics and science. Applications have specifically been invited for projects to implement new mathematics and science curricula on a large scale, involving States or entire school systems. One approach for which assistance could be sought is the provision of technical assistance through regional centers. Applications have also been invited for projects to provide inservice teacher training for teachers working with students from groups underserved and underrepresented in mathematics and science, and to undertake activities to reduce the high rate of science and mathematics avoidance that begins in the elementary grades. All applicants have been urged to build on NSF projects, use programs validated by the National Diffusion Network, base their efforts on current research, and pay particular attention to evaluation.

1991 Budget Proposal

For 1991, $9,200,000 is requested, $419,000 more than the 1990 appropriation. The amount requested for National Programs constitutes 4 percent of the total request for the Eisenhower Mathematics and Science Education program. Funds will be used to support the continuation of projects begun in 1989 and 1990 and to fund additional new awards.

Impact Data	1989	1990	1991
Number of new awards	29	42	11
Number of continuation awards	--	11	44

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3. Strengthening teaching and administration: b. Fund for the Improvement and Reform of Schools and Teaching (FIRST): (1) Grants for schools and teachers
(Public Law 100-297, Title III, Part B)

1991 Authorization: Indefinite 1/

Budget Authority:

1990 Appropriation	1991 Request	Increase or Decrease
$3,915,000 2/	$3,915,000	---

1/ Of the total funds appropriated for FIRST, one-third is reserved for Family-School Partnerships and $150,000 is reserved for dissemination and reporting. Remaining funds are used for Grants for Schools and Teachers.

2/ The 1990 appropriation act specified the amount for Grants for Schools and Teachers.

Purpose and Method of Operation

The Fund for the Improvement and Reform of Schools and Teaching (FIRST), consists of two programs, Grants for Schools and Teachers, and Family-School Partnerships. The Grants for Schools and Teachers program supports discretionary grants and contracts to a variety of institutions, including individual schools, to improve educational opportunities for and performance of elementary and secondary school teachers and students. Among the activities specifically authorized are those to help educationally disadvantaged or at-risk children meet higher educational standards; provide incentives for improved school performance; provide opportunities for teacher enrichment; and improve the teacher certification process. Priority is given to projects that benefit schools or students with below-average academic performance, projects that will lead to increased access for all students to a high quality education, and projects that develop or implement systems for providing incentives to schools, principals, teachers, and students for improved performance. Each year, an amount equal to at least 25 percent of the total appropriation for FIRST must be used for school-level projects involving an individual school or a consortium of schools.

The activities of the Fund are carried out with the advice of a 15-member Fund Board. The members have extensive backgrounds in education and represent a broad range of viewpoints and experience. The Board, which meets three times a year, advises the Secretary each year of its priorities and their implications for the Fund.

3. Strengthening teaching and administration: b. Fund for the Improvement and Reform of Schools and Teaching (FIRST): (1) Grants for schools and teachers

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Purpose and Method of Operations--Continued

This is a current-funded program for which funds are available from October 1 through September 30. The level of funding is dependent upon the availability of appropriations.

Accomplishments

In 1989, the first year of the program, 38 awards were made, 23 for school-level projects and 15 for other Schools and Teachers projects. The 23 school-level projects funded involve a variety of efforts to restructure schools. These include using incentives and alternative curricula to improve the achievement of at-risk students, programs that focus on student outcomes and school accountability, and teacher-designed restructuring of the school day and curriculum.

The 15 other Schools and Teachers projects, generally larger in scope and conducted over as many as three years, include collaborative efforts between higher education institutions and schools to improve the education of at-risk students to enable them to meet standards for entry into college, projects providing training in mathematics and science for secondary school teachers, and projects providing education in technology to prepare students for entry into technical schools. Most of these Schools and Teachers projects begun in 1989 will continue in 1990.

Funds set aside for technical assistance and coordination were used to provide projects with advice on the evaluation and documentation necessary to address the National Diffusion Network (NDN) criteria for validating effectiveness. The goal is that successful projects will be able to document their positive effects and thus be validated according to NDN standards and included in the Network.

The FIRST Board met three times in 1989, once in a joint session with the Fund for the Improvement of Postsecondary Education Board as required by statute. A subcommittee of the Board met to advise the Director and the Secretary on projects to be funded.

A competition for new school-level awards will be held in 1990. Applications will be invited for projects to expand efforts to restructure schools; involve higher education in collaborative efforts with elementary and secondary schools; provide services for students with special needs within the regular classroom; involve parents, teachers, and administrators in projects; and undertake new approaches to character education.

School Improvement Programs

3. Strengthening teaching and administration: b. Fund for the Improvement and Reform of Schools and Teaching (FIRST): (1) Grants for schools and teachers

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1991 Budget Proposal

For 1991, the Department is requesting $3,915,000, the same as the 1990 appropriation. Funds will be used for additional projects and to continue projects first funded in 1989 and 1990. The Secretary will set priorities for funding after receiving advice from the Fund Board.

Impact Data	1989	1990	1991
Number of new awards	38	36	35
Number of continuation awards	--	13	18

3. Strengthening teaching and administration: b. Fund for the Improvement and Reform of Schools and Teaching (FIRST): (2) Family-school partnerships
(Public Law 100-297, Title III, Part B)

1991 Authorization: Indefinite 1/

Budget Authority:

1990 Appropriation	1991 Request	Increase or Decrease
$4,443,000 2/	$4,443,000	---

1/ Of the total funds appropriated for FIRST, one-third is reserved for Family-School Partnerships and $150,000 is reserved for dissemination and reporting. Remaining funds are used for Grants for Schools and Teachers.

2/ The 1990 appropriation act specified the amount for Family-School Partnerships.

Purpose and Method of Operation

The Fund for the Improvement and Reform of Schools and Teaching (FIRST), consists of two programs, Grants for Schools and Teachers and Family-School Partnerships. The Family-School Partnerships program supports demonstration grants to local educational agencies that are eligible for funding under Chapter 1 of Title I of the Elementary and Secondary Education Act of 1965 for the development of innovative family-school educational partnership activities. Activities for which funds may be used include training programs for families and teachers (including Chapter 1 teachers); the development of new school policies and practices to meet the changing demographic characteristics of families with school-age children and to involve parents of special groups of students (including the disadvantaged and handicapped) in the schooling of their children; the hiring and training of educational personnel specifically to coordinate family involvement activities; and the development or purchase of educational materials for parents to use at home to reinforce classroom instruction of their children.

The activities of the Fund, including Family-School Partnerships, are carried out with the advice of a 15-member Fund Board. The members have extensive backgrounds in education and represent a broad range of viewpoints and experience. The Board, which meets three times a year, advises the Secretary each year of its priorities and their implications for the Fund.

This is a current-funded program for which funds are available from October 1 through September 30. The level of funding is dependent upon the availability of appropriations.

3. Strengthening teaching and administration: b. Fund for the Improvement and Reform of Schools and Teaching (FIRST): (2) Family-school partnerships

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Accomplishments

In 1989, the Family-School Partnerships program made its first 14 awards. The grants, awarded to local educational agencies eligible for Chapter 1, support a variety of school and home activities. These include providing portable computers for parents and students to use at home, training for parents and English for Speakers of Other Languages programs specifically designed to help them assist their children with homework, operating an automated homework information system used in conjunction with training for parents, classroom use of parents as tutors, and a school-operated work-study program for students. All of the projects serve disadvantaged or at-risk students and their families, many operate in conjunction with other programs, and at least one supports parent involvement in restructuring the school's organization and curriculum.

Funds set aside for technical assistance and coordination were used to provide projects with advice on the type of evaluation that must be done and the type of documentation necessary to demonstrate effectiveness so that, if successful, projects can be validated for inclusion in the National Diffusion Network. Similar assistance will be provided in 1990.

The FIRST Board met three times in 1989, once in a joint session with the Fund for the Improvement of Postsecondary Education Board as required by statute. A subcommittee of the Board met to advise the Director on the projects to be funded.

In 1990, two competitions will be held to select additional projects for support. Under a general competition, applicants may propose any authorized activity, but will be invited to propose activities to involve parents in school-site management and choice programs. For the second competition, applicants will be limited to activities responding to specific priorities, including projects to assist parents in working with their children to improve achievement; projects to train families, teachers, and other school personnel to work together; and projects to design changes in school practices to meet the changing needs of families.

1991 Budget Proposal

For 1991, $4,443,000 is requested, the same as the amount available in 1990. Funds will be used for the continuation of projects begun in previous years that require more than a single year of support, and for new awards. This program demonstrates how parents, especially low-income parents of educationally deprived children, can become involved not only in improving their children's achievement, but in changing the school itself.

School Improvement Programs

3. Strengthening teaching and administration: b. Fund for the Improvement and Reform of Schools and Teaching (FIRST): (2) Family-school partnerships

Impact Data	1989	1990	1991
Number of new awards	14	32	23
Number of continuation awards	--	2	8

3. Strengthening teaching and administration: c. Territorial teacher training
(Elementary and Secondary Education Act of 1965, Section 4502)

1991 Authorization: $2,000,000

Budget Authority:

1990 Appropriation	1991 Request	Increase or Decrease
$1,762,000	$1,762,000	---

Purpose and Method of Operation

Under this program, funds are awarded to the Outlying Areas to train elementary and secondary school teachers. Activities must be directed at teachers who work with students in kindergarten through grade 12 in public and private schools. All activities must be directly related to teaching and may include: inservice teacher training in basic skills development and specific subject areas, curriculum development, use of instructional materials and equipment, classroom management, or training for teachers to achieve full certification under the appropriate Territorial requirements. The earning of college credits and degrees has always been the major activity funded under the program.

This is a current-funded program for which funds are available from October 1 through September 30. The level of funding is dependent upon the availability of appropriations.

Accomplishments

In 1988-89, this program assisted the Outlying Areas in meeting their teacher training needs in the following ways:

- In American Samoa, more than 200 teachers were involved in the program. Three teachers acquired teaching certificates and received bachelor degrees.
- In Guam, assistance was provided to 96 full-time teachers hired on a limited-term basis who were seeking full certification. Sixty of these teachers completed their requirements.
- In the Northern Mariana Islands, 361 of the Commonwealth's 398 public school teachers took at least one training course. In addition, 38 of 88 private school teachers participated in the program. Fifteen teachers recieved full certification.

Accomplishments — Continued

- In the Republic of Palau, 133 teachers received continuing training necessary for minimum teacher certification; 16 completed their degree requirements.

- In the Virgin Islands, the program served a total of 262 teachers, of whom 12 became eligible for certification.

Similar program accomplishments are being achieved in 1989-90. In addition, the Department has sought to improve program accountability by arranging for technical assistance to the Territories in grants management, including budgeting, monitoring, assessment, evaluation, and reporting. This assistance, which is being provided under contract with the Northwest Regional Education Laboratory, will also address coordination among TTTAP, SEA, and IHE personnel in the Territories so that they share information and bring about more efficient and effective teacher training operations.

1991 Budget Proposal

For 1991, the Department proposes to fund the Territorial Teacher Training Assistance program (TTTAP) at $1,762,000, the same as the 1990 appropriation.

There are still significant numbers of non-degreed or non-certified teachers in the Territories. For example, the Virgin Islands reports that 23 percent of its school teachers are either non-degreed or non-certified. In the Commonwealth of the Northern Marianas, over half of all public school teachers have yet to attain a Bachelor's degree, and in the Republic of Palau, the comparable figure is 22 percent. In American Samoa, 58 percent of the Education Department's professional staff have an Associate degree or less. While the Department has no quantitative measure of the loss of educational achievement attributable to the lack of training of Territorial teachers, it can reasonably be assumed that such low levels of teacher educational attainment have a limiting effect on student learning.

An evaluation of the program conducted in 1989 for the Department confirms the need for the program but suggests that more attention be given to activities such as hands-on training in the classroom and assistance from master teachers. The evaluation also includes several specific recommendations for improving the effectiveness of the program in such areas as local and Federal administration, the role of institutions of higher education, and teachers' lack of English proficiency as a barrier to completing postsecondary couses. The Department is now considering specific actions to take in response to this report.

School Improvement Programs

3. Strengthening teaching and administration: c. Territorial teacher training

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1991 Budget Proposal -- Continued

As a result of these efforts and recommendations, the program is being strengthened and will further assist the Territories in upgrading the academic status and skills of their teachers.

Impact Data	1989	1990	1991
Continuation grants:	$1,568,000	$1,762,000	$1,762,000
American Samoa	320,000	1/	1/
Guam	315,000	1/	1/
Northern Mariana Islands	410,000	1/	1/
Republic of Palau	213,000	1/	1/
Virgin Islands	310,000	1/	1/
Additional Activities	408,000	---	---

1/ Allocations to the individual territories are not available at this time.

3. Strengthening teaching and administration: d. Leadership in educational administration (LEAD)
(Higher Education Act, Title V, Part C, Subpart 2)

1991 Authorization: Indefinite

Budget Authority:

1990 Appropriation	1991 Request	Increase or Decrease
$3,845,000	$4,215,000	+$370,000

Purpose and Method of Operation

This program provides funding for the establishment and/or operation of training and assistance centers for upgrading the leadership skills of elementary and secondary school administrators. Projects focus on leadership, management, problem-solving, goal-setting, instructional analysis, communication, evaluation, student discipline, time-management, and budgetary skills.

All awards are made through once-renewable, three-year grants; grantees must demonstrate a commitment to continue their programs after Federal funding expires. Grantees must match the Federal contribution. In order for a grant to be renewed, the grantee must agree to provide the same level of services during the second three-year period as it provided during the first three years, but with only one-half the amount of Federal assistance it received in the first period. Higher education institutions, State educational agencies, intermediate school districts, local educational agencies, and private management and nonprofit organizations (or consortia of such) are eligible participants.

The 50 States, the District of Columbia, and all Territories are eligible to participate in the program. When the appropriation is insufficient to satisfy the mandated $150,000 minimum per State, a pro-rata reduction is computed.

This is a forward-funded program for which funds are available for obligation from July 1 of the fiscal year for which they are appropriated through September 30 of the following fiscal year. The level of funding is dependent upon the availability of appropriations.

Accomplishments

Leadership in Educational Administration (LEAD) centers have provided services to school administrators through training, technical assistance, and dissemination of research findings and other current information. These projects are helping to reform university, preservice preparation programs, establish statewide coordination for diverse inservice training efforts, develop new curricula, and provide training to support State educational reforms. Some centers have entered into innovative partnerships with

Accomplishments -- Continued

business and industry, creating a base of support that will help maintain these centers after the scheduled expiration of Federal support.

1991 Budget Proposal

For the LEAD program, the Department is requesting funds to complete the legislatively mandated six-year grant period. Of the $4,215,000 request, $3,845,000 is required in fiscal year 1991 for the final (sixth-year) grants for the 50 States and the District of Columbia and for the fifth year of funding for Puerto Rico and the Territories. All grantees would receive the same amount as the current-year award. The remainder of the amount requested, $370,000, is needed for the final year of funding (in fiscal year 1992) for Puerto Rico and the Territories. Included in the appropriations language is a provision that allows $370,000 of the amounts made available for this program to remain available for obligation through September 30, 1993. Inclusion of these funds in the 1991 budget will relieve both the Administration and the Congress of the necessity of handling a request for a very small amount in the 1992 budget for the final year of this program.

Impact Data	1989	1990	1991	1992
Number of awards:				
First 3-year cycle	6 1/	---	---	---
Second 3-year cycle	51 1/	57	57	6

1/ The six Territories entered the program one year later than the 50 States and D.C.; they, therefore, do not begin their second 3-year cycle until 1990.

3. Strengthening teaching and administration: e. Christa McAuliffe fellowships
(Higher Education Act, Title V, Part D, Subpart 2)

1991 Authorization: Indefinite

Budget Authority:

1990 Appropriation	1991 Request	Increase or Decrease
$1,932,000	$2,013,000	+$81,000

Purpose and Method of Operation

The Christa McAuliffe Fellowship program provides fellowships to outstanding teachers for projects to improve education through sabbaticals for study, research, or academic improvement; consultation with or assistance to other school districts or private schools; development of special innovative programs; development of model teacher programs; and staff development. Full-time public or private elementary or secondary school teachers may receive fellowships for up to 12 months. A fellow may not receive an award for two consecutive years and must return to a teaching position in his or her current school district for at least two years following the completion of a fellowship.

Christa McAuliffe Fellows in each State are selected by a seven-member statewide panel appointed by the Governor acting in consultation with the State educational agency, or by an existing panel designated by the Governor and approved by the U.S. Secretary of Education. Statewide panels establish operating procedures for the fellowship process, disseminate information and application materials, and consult with local educational agencies in the evaluation of proposals from applicants.

Under the authorizing statute, if the appropriation is not sufficient to provide one fellowship award in each Congressional district, the Secretary publishes an alternative distribution of fellowships that is geographically equitable. For 1989, funds were allocated to the 50 States, the District of Columbia, Puerto Rico, and the Outlying Areas based on the number of public school teachers, with each State or Outlying Area receiving at least $29,573 (the national average salary for public school teachers in 1987), the maximum amount authorized for each fellowship.

For 1990, funds will be distributed based on public school teacher population, provided that a minimum of $31,200 (the national average public school teacher salary in 1989) is available for teachers in each State, the District of Columbia, Puerto Rico and each of the Outlying Areas. Awards to individual teachers may not exceed $31,200, and the Department is urging that fellowships be awarded in the maximum amount whenever possible.

School Improvement Programs

3. Strengthening teaching and administration: e. Christa McAuliffe fellowships

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Purpose and Method of Operation — Continued

This is a current-funded program for which funds are available from October 1 to September 30. The level of funding is dependent upon the availability of appropriations.

Accomplishments

The 1987 Christa McAuliffe Fellows were required to submit verification of employment in their respective school districts by the end of the 1988-89 school year. To date, nearly 88 percent of the 1987 fellows have complied with the service requirement, and the Department will continue to follow up on fellows who are not in compliance. The 1988 Christa McAuliffe Fellows were required to return to their respective school districts for the 1989-90 school year. They must submit verification of the service requirement to the Department by June 30, 1990.

In 1989, the Department awarded 80 fellowships to teachers in 49 States, the District of Columbia, the Virgin Islands, Puerto Rico, American Samoa, Guam, the Northern Mariana Islands, and Palau. In addition, the Department issued regulations that established a minimum fellowship award equal to half the national average salary of public schools teachers. This provision resulted in fewer but, on average, larger fellowship awards.

The 1989 Christa McAuliffe Fellows are engaged in a variety of projects, including developing a Saturday Science Academy for at-risk children; building a math/science space laboratory; buying computer equipment and developing curricula; expanding a recreation program for at-risk students; developing a book on Samoan navigation; conducting a cemetery restoration project utilizing community efforts; and developing a space unit that includes preparing newsletters and attending a 3-day space camp at the Kennedy Space Center.

1991 Budget Proposal

For 1991, the Department is requesting $2,013,000, an $51,000 increase over the 1990 appropriation. This increase would enable fellowships to keep pace with increases in average teacher salaries. These funds would be used to honor and reward outstanding teachers, to encourage and enable them to continue their education or to develop innovative educational projects and programs, and to improve the education of students.

School Improvement Programs

3. Strengthening teaching and administration: e. Christa McAuliffe fellowships

Impact Data	1989	1990	1991
Fellowship awards	80	80	80
Average award	$23,650	$24,150	$25,162

School Improvement Programs

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3. Strengthening teaching and administration: f. Mid-career teacher training
(Higher Education Act of 1965, Title V, Part A)

1991 Authorization: Indefinite

Budget Authority:

1990 Appropriation	1991 Request	Increase or Decrease
$987,000	$987,000	---

Purpose and Method of Operation

This program supports grants to institutions of higher education with schools of education to establish and maintain programs to provide teacher training to individuals who possess baccalaureate degrees and education-related job experience and wish to become teachers. Applicant institutions must demonstrate that the program they propose will ensure that students who enter the program have current subject matter knowledge and characteristics likely to lead to success as classroom teachers, and that the program offered, when successfully completed, will provide the skills and credentials needed to teach. Programs must also be developed with the cooperation of the local business community, operate under a cooperative agreement with one or more State or local educational agencies, and be designed and operate with the active participation of classroom teachers.

Funds are awarded for an initial two-year planning period, and, for institutions demonstrating successful performance, may be renewed for an additional two years. To the extent possible, at least one award is to be made in each of the ten geographic regions served by the Department.

This is a current-funded program for which funds are available from October 1 through September 30. The level of funding is dependent upon the availability of appropriations.

Accomplishments

Fiscal year 1990 is the first year of funding for this program. A competition will be held in the spring of 1990 to select the first group of grantees. They will each receive an award of up to $100,000 for two years of planning, with continuation awards, providing up to two additional years of support for successful projects, not scheduled until 1992.

3. Strengthening teaching and administration: f. Mid-career teacher training

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1991 Budget Proposal

In 1991, $987,000 is requested, the same as the 1990 appropriation. Since the 1990 awards are for a period of two years, the funds requested would provide new, two-year planning awards to additional institutions of higher education. This program helps to broaden the pool of talented, well-qualified individuals from which teachers may be recruited. Although it will not necessarily lead to the development of alternative certification requirements, as the Administration's Alternative Certification initiative would encourage, it could complement such efforts.

Impact Data	1989	1990	1991
Number of two-year planning awards	--	10	10

3. Strengthening teaching and administration: g. Alternative certification of teachers and principals
(Proposed legislation)

1991 Authorization: $25,000,000 (proposed)

Budget Authority:

1990 Appropriation	1991 Request	Increase or Decrease
---	$25,000,000	+$25,000,000

Purpose and Method of Operation

The purpose of this program is to help make the best-qualified persons available as teachers and principals in the Nation's schools. As an incentive for examining innovative ways to improve the quality of the teacher and principal workforce, one-time grants would be made to assist States to develop and implement systems for alternative certification of teachers and principals.

Under the proposed legislation, funds would be distributed among those State educational agencies that apply on the basis of each State's share of the total population ages 5 through 17 in those States seeking grants, except that no State would receive less than $100,000. Funds awarded to the States would remain available to them for a period of two years. States would be allowed to make subgrants to local educational agencies, intermediate educational agencies, institutions of higher education, or consortia of such agencies.

Authorized activities would include the design, development, implementation, testing, and evaluation of programs and strategies for the alternative certification of teachers and principals. Expansion and improvement of existing programs, as well as development of new programs, would be authorized. Grants could also support the development of reciprocity agreements between or among States for the certification of teachers and principals.

This would be a current-funded program for which funds would be available from October 1 through September 30. The level of funding would be dependent upon the availability of appropriations.

1991 Budget Proposal

For 1991, the Department is requesting $25,000,000 for this program. At this level, should all States participate, the maximum award would be just over $2,500,000, and the average award $481,000.

The very best education for children requires the very best teachers and principals. Alternative certification systems offer States an opportunity to improve the quality of their teacher and principal workforce by allowing

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1991 Budget Proposal--Continued

school districts to recruit from a large pool of talented professionals who have demonstrated their subject area competence or leadership qualities in fields outside education. They also provide a means for addressing teacher shortages, especially shortages of competent science and mathematics teachers, as they provide access to teaching to professionals, such as scientists and engineers, without teacher training. They allow those with management experience in other areas to pursue second careers in education. Federal assistance provided under this program would provide additional impetus to States interested in developing and implementing systems of alternative certification, or in expanding and improving existing alternatives.

3. Strengthening teaching and administration: h. Presidential awards for excellence in education
(Proposed legislation)

1991 Authorization: $7,600,000 (proposed)

Budget Authority:

1990 Appropriation	1991 Request	Increase or Decrease
---	$7,600,000	+$7,600,000

Purpose and Method of Operation

Under the Presidential Awards for Excellence in Education program, formula grants would be awarded to States and Outlying Areas for use in a new program of Presidential awards for elementary and secondary school teachers who meet the highest standards of excellence. After reserving up to $200,000 for expenses associated with printing award certificates and holding an annual ceremony, the Secretary would allocate the remaining funds to States on the basis of the number of full-time equivalent teachers in each State, with each State receiving at least enough funding to make one award. The amount of each award would be $5,000, and recipients would be permitted to use their awards for any purpose. Winners of Presidential awards would be selected by statewide panels, appointed by Governors from nominations made by local educational agencies, private schools, parents, associations of parents and teachers, businesses, business groups, and student groups. In making selections, the panels would use selection criteria described in the State application and subject to approval by the Secretary. Each State would be permitted to use up to 5 percent of its allocation for administration, including the cost of convening the statewide panel.

This would be a current-funded program for which funds would be available from October 1 through September 30. The level of funding would be dependent upon the availability of appropriations.

1991 Budget Proposal

For 1991, $7,600,000 is requested for a new initiative of Presidential Awards for Excellence in Education. The future of America's elementary and secondary schools depends heavily on the Nation's teachers. When teachers are highly motivated and committed to excellence, they succeed not only in imparting a knowledge of their subject matter, but also in instilling in their students an appreciation of the value and importance of education. This program is based on these principles and on the principle that teachers who meet the highest standards of excellence deserve public recognition, respect, and appropriate financial awards.

School Improvement Programs

3. Strengthening teaching and administration: h. Presidential awards for excellence in education

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Impact Data

	1989	1990	1991
Number of State grants	---	---	57
Minimum State grant	---	---	$5,263
Average State grant	---	---	$129,825
Number of Presidential awards	---	---	1,406

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4. Magnet schools assistance: (a) Magnet schools in desegregating districts (Elementary and Secondary Education Act of 1965, Title III)

1991 Authorization: Indefinite

Budget Authority:

1990 Appropriation	1991 Request	Increase or Decrease
$113,189,000	$113,189,000	---

Purpose and Method of Operation

The Magnet Schools Assistance program provides grants to eligible local educational agencies (LEAs) to establish and operate magnet schools that are part of a court-ordered or federally approved desegregation plan to eliminate, reduce, or prevent minority group isolation in elementary and secondary schools. Magnet schools offer special curricula designed to attract substantial numbers of students from different social, economic, ethnic, and racial backgrounds.

Grants are awarded on a competitive basis. In selecting grantees, the Secretary evaluates the applicant's plan of operation, quality of key personnel, quality of project design, budget and cost effectiveness, evaluation plan, adequacy of resources, and commitment and capacity. Special consideration is given to applicants based on the recentness of their implementation of the approved desegregation plan; the proportion of minority group children involved in the plan; the cost or difficulty of implementing the plan; the degree to which the program is expected to achieve the purposes of the program statute; and the degree to which the program involves collaborative efforts with other institutions. Applicants are required to demonstrate how they will continue their magnet school programs after Federal assistance is no longer available. In addition, for amounts appropriated in excess of $75 million, special consideration is given to applicants that did not receive an award the previous fiscal year.

Grantees receive one-year awards and may apply for non-competitive second-year continuation awards. The Secretary approves second-year continuation awards if the applicant is making satisfactory progress toward achieving the purposes of the program. An eligible LEA may receive no more than $4 million annually. This is a current-funded program for which funds are available from October 1 through September 30. The level of funding is dependent upon the availability of appropriations.

Grants are used to support courses of instruction within magnet schools that will substantially strengthen the knowledge of math, science, history, English, foreign languages, art, or music, or the vocational skills of

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Purpose and Method of Operation -- Continued

students attending such schools. Funds may be used for planning and promotional activities, teachers' salaries, and the acquisition of books, materials, and equipment (including computers). Approximately 43 percent of the average magnet school grant supports personnel costs, 25 percent is used to purchase or maintain equipment, and the remainder is used for fringe benefits, supplies, and other indirect costs. LEAs that receive assistance may not use funds for consultants, transportation, or activities that do not augment academic improvement. Grantees may use no more than 10 percent of the funds in any fiscal year for planning.

Accomplishments

During fiscal year 1989, 54 LEAs in 25 States received first-year awards to establish or expand magnet school programs. Awards ranged from $183,705 for Omaha Public Schools to $4 million for Chicago Public Schools. Of the 54 LEAs that were funded in 1989, 26 were first-time grant recipients under the program and 7 had received grant awards in both of the two previous competitions held in FY 1985 and FY 1987.

The FY 1989 grantees are implementing a variety of magnet school programs, with 46 LEAs operating programs offering specialized curricula in mathematics, science and technology, 36 offering programs in the humanities, 34 implementing programs in the arts, and 24 operating vocational education magnet programs. In addition, several projects involve collaborative arrangements between LEAs, and IHEs, community-based, non-profit organizations, and the private sector.

Examples of how the Magnet Schools Assistance funds are being used in individual school districts include:

- The Long Beach (CA) Unified School district is using its grant for an aerospace technology magnet program that involves a consortium of partners including three major aerospace corporations, the Long Beach State University and other colleges, NASA, and the Jet Propulsion Laboratory. Contributions being made by consortium members include materials and technical expertise to support curriculum development, staff training, student internships, and equipment.

- The Phoenix (AZ) Union High School District is using its grant to implement new programs in aerospace technology and agribusiness, and to plan for a teaching profession magnet program to begin in the fall of 1990. The project is aimed at improving student recruitment and increasing parental and community involvement in magnet schools to combat declining enrollment and to prevent or reduce minority group isolation.

Accomplishments -- Continued

In making eligibility determinations for the Magnet Schools Assistance program, the Office for Civil Rights (OCR) compares the racial composition of the enrollment of each school in the year preceding the implementation of magnet school activities with the enrollment in the most recent year for which data are available. In assessing the eligibility of the 1989 applicants for assistance under this program, OCR found that in school districts that received FY 1988 grant awards, 94 percent of the magnet schools reviewed had reduced, eliminated, or prevented minority group isolation. In those instances where it appeared that minority group isolation was increasing in a magnet school or schools of a FY 1989 grant recipient, special terms and conditions were included in the grant award that require the LEA to report enrollment data to the Department by the end of February 1990.

In December 1989, the Department held its first joint desegregation program conference bringing together representatives from State educational agencies and desegregation assistance centers funded under Title IV of the Civil Rights Act and school districts that received awards under the 1989 magnet school grant competition. The purpose of the conference was to encourage coordination and collaboration between the two programs and to increase the effectiveness of the two programs by providing a setting in which representatives could share their knowledge, experience, and expertise.

Fiscal year 1990 funds will support non-competitive, second-year continuation awards to the 1989 grantees provided they are making satisfactory progress toward achieving the purposes of the program. In addition, the Department will conduct a national evaluation of magnet school programs to assess the impact and effectiveness of magnet school programs.

1991 Budget Proposal

For 1991, the Department is requesting $113,189,000 for Magnet Schools Assistance, the same as the 1990 level. These funds would continue support for the highly competitive magnet schools program and provide first-year awards under a new grant competition to be held in 1991. Magnet schools are a popular desegregation tool and a means to increase parental choice, improve educational quality, and enhance the reputation of participating school districts.

School Improvement Programs

4. Magnet schools assistance: (a) Magnet schools in desegregating districts

Impact Data	1989	1990	1991
Number of applications	139	54	139
Number of awards	54	54	54
Evaluation	---	$988,000	---
Maximum grant award	$4,000,000	$3,950,000	$3,985,000
Smallest grant award	$184,000	$181,000	$183,007
Average grant award	$2,104,000	$2,078,000	$2,096,000
Number of awards over $3,000,000	16	16	16
Number of awards between $500,000 and $3,000,000	33	33	33
Number of awards under $500,000	5	5	5

4. Magnet schools assistance: b. Magnet schools of excellence (Proposed legislation):

1991 Authorization: $100,000,000 (proposed)

Budget Authority:

1990 Appropriation	1991 Request	Increase or Decrease
$50,000,000 1/	$100,000,000	+$50,000,000

1/ Fiscal year 1990 funds were provided in the Compensatory Education for the Disadvantaged account contingent upon enactment of authorizing legislation by March 1, 1990.

Purpose and Method of Operation

The proposed Magnet Schools of Excellence program would support the establishment, expansion, or enhancement of magnet schools, without regard to the presence of desegregation plans, to promote open enrollment through parental choice and to strengthen the knowledge of elementary and secondary school students in academic and vocational subjects.

Magnet Schools of Excellence would be public elementary or secondary schools that offer the highest-quality instruction in an academic or vocational discipline, are open to students from beyond the immediate school attendance area, and are capable of attracting students from a variety of backgrounds.

Local educational agencies, consortia of such agencies, and intermediate educational agencies would be eligible to compete for funds under this program. Applicants would describe how funds would support a high-quality educational program that encourages greater parental decision-making and involvement.

Grants would be available for schools offering any aspect of the full spectrum of curriculum options. Applicants would be encouraged to submit applications for magnet schools that recognize the potential of educationally disadvantaged children to benefit from magnet school programs and that focus on a particular educational philosophy or curriculum area.

Magnet Schools of Excellence grantees would receive two-year awards; however, no grantee would receive the second year of funding unless it could demonstrate to the Secretary that the project was making satisfactory progress toward meeting the objectives outlined in its application. No Magnet School of Excellence would be supported with funds under this program for more than two years. This would be a current-funded program for which funds would be available from October 1 through September 30. The level of funding would be dependent upon the availability of appropriations.

School Improvement Programs

4. Magnet schools assistance: b. Magnet schools of excellence

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1991 Budget Proposal

In seeking to meet the objectives of Building a Better America, President Bush proposed initiatives that advance priorities for future American growth and competitiveness through sound investment in education. The Department proposes to continue the President's 1990 budget policy by requesting $100,000,000 for Magnet Schools of Excellence, a $50,000,000 increase over the 1990 contingent appropriation. These funds would support an estimated 25 new awards in addition to an estimated 25 continuation grants.

No single method of education or single way for organizing schools and school systems is best for every community or every group of students. One of the most encouraging features of the educational reform movement is the willingness of schools and school systems to experiment with alternative approaches, especially to open the school selection process to parents. Magnet schools give parents and students a choice and generate healthy competition among schools. Magnet school programs can improve the overall quality of all schools in the participating school districts.

The Department now finances magnet schools to further desegregation. This proposed program does not represent a lessening of the Administration's support for the existing Magnet Schools Assistance program. However, many school districts have also used magnet schools to focus resources and attract students to mathematics and science, the arts, and other special curricula. Federal funds should, therefore, be made available for magnet schools programs not only to further school desegregation, but also to enable school districts to design and implement magnet schools that promote open enrollment through parental choice, and that focus on academic excellence in disciplines that are of critical importance to the Nation's economic competitiveness. The proposed Magnet Schools of Excellence program would promote excellence and upgrade the quality of education for all students in school districts in which they are established.

Impact Data	1989	1990	1991
Average award	---	$2,000,000	$2,000,000
New awards	---	25	25
Continuation awards	---	---	25

5. Fund for Innovation in Education
(Elementary and Secondary Education Act of 1965, Title IV, Part F)

1991 Authorization: Indefinite

Budget Authority:

1990 Appropriation	1991 Request	Increase or Decrease
$18,939,000	$18,939,000	---

Purpose and Method of Operation

The Fund for Innovation in Education (FIE) provides authority for the Secretary to carry out programs and projects that show promise of identifying and disseminating innovative educational approaches. Activities may be carried out directly or through grants or contracts to State and local educational agencies, institutions of higher education, and other public and private agencies, organizations, and institutions.

Discretionary grant awards are made under this general discretionary authority for the Innovation in Education program. In addition, five specific discretionary programs are authorized. These include:

- Optional Tests for Academic Excellence, which provides for the development, preparation, and conduct of tests to be given on a voluntary basis to identify outstanding students in the eleventh grade of public and private secondary schools;

- Technology Education, which authorizes the development of educational television and radio programming for use in elementary and secondary schools, together with programs that use telecommunications and video technology for the instruction of elementary and secondary school students and their teachers;

- Programs for Computer-Based Instruction, which authorizes grants and contracts for the purchase of computer hardware and software for instructional purposes and teacher training to expand the use of computers in the curriculum;

- Programs for the Improvement of Comprehensive School Health Education, which authorizes educational activities and grant assistance to State and local educational agencies for a broad variety of activities related to improving health education for elementary and secondary students; and

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Purpose and Method of Operation--Continued

- Innovative Alcohol Abuse Education Programs, which authorizes development of materials for programs of alcohol abuse education, particularly to benefit children in grades 5 to 8 who are children of alcoholics, and grants to inform educators about the special problems such children may have.

This is a current-funded program for which funds are available from October 1 through September 30. The level of funding is dependent upon the availability of appropriations.

Accomplishments

In 1989, the first competitions for awards under FIE's several programs were held, and a total of 68 grants were made to a wide variety of organizations, school systems, universities, and State agencies. In 1990, once the costs of continuing multi-year projects begun in 1989 have been met, remaining funds will be used for competitions to select new grantees.

Innovation in Education program: About $3.7 million was awarded to 20 applicants for projects to reduce dropout rates, improve the achievement and college-readiness of disadvantaged students, increase the number and quality of minority teachers, encourage parent involvement, assess school-site management, provide early childhood education, improve urban school programs, and generate information on school reforms. An additional $1.5 million was used for continuing studies of early childhood education; studies of Minnesota's choice program, undertaken at the State's request; the Secretary's regional meetings on choice; and the President's Summit on Education. In 1990, the Innovation in Education program will invite applications for programs designed to improve the performance of underachieving students.

Technology Education program: The $1 million set aside for this program in 1989 was transfered to the National Science Foundation (NSF) to provide the Department's share of funding for the third season of Square One TV. These funds, together with NSF's contribution, provide full funding for the forty episodes in the season. Both ED and NSF monitor the award.

Computer-Based Education program: About $4.9 million was awarded for 29 grants, including projects to: link isolated rural students by computer to international pen pals and national bulletin boards; develop a literature-based interactive video instructional program for secondary school students who would otherwise be in remedial programs; and develop a regional student weather network. In this latter project, students access national weather data by computer.

Accomplishments--Continued

Comprehensive School Health Education program: About $3 million was awarded to 18 applicants. Well over half of the programs funded cover the full K-12 school spectrum, whereas four of the programs focus on elementary school and four on middle and high school. Although the target for most of the projects is the total student population, some priority is given to serving disadvantaged students. Similarly, although the majority of projects are directed at general statewide needs, they collectively include urban models, suburban models, and rural models. Several support innovative interdisciplinary programs. All include strong evaluation components so that program results can be shared nationwide.

Innovative Alcohol Abuse Education: This activity was funded for the first time in 1990 at $2 million. The Department is currently in the process of implementing this new program and plans to continue it in 1991.

1991 Budget Proposal

For 1991, $18,939,000 is requested, the same as the amount appropriated for 1990. Funds will be used to continue those projects initiated in 1989 and 1990 that require multi-year funding. Remaining funds will be used to support new awards.

Impact Data	1989	1990	1991
Number of new awards	68	21	15
Number of continuation awards	--	61	66

6. Javits gifted and talented students education
(Elementary and Secondary Education Act of 1965, Title IV, Part B)

1991 Authorization: Indefinite

Budget Authority:

1990 Appropriation	1991 Request	Increase or Decrease
$8,888,000	$8,888,000	---

Purpose and Method of Operation

This program authorizes awards to State and local educational agencies, institutions of higher education, and other public and private agencies for a variety of research, demonstration, training, and other activities designed to identify and meet the special educational needs of gifted and talented students.

A portion of the funds (not more than 30 percent) is set aside for the establishment of a National Center for Research and Development in the Education of Gifted and Talented Children and Youth to undertake research on methods and techniques for identifying and teaching gifted and talented students, and to conduct appropriate program evaluations and surveys.

Funds may be used for preservice and inservice training, including fellowships, for personnel involved in the education of gifted and talented students, and for conducting model programs for identifying and educating gifted and talented students, including summer programs and programs involving business and industry. Programs to improve leadership and assistance from State educational agencies and institutions of higher education and to provide technical assistance and disseminate information may also be undertaken.

Priority must be given to identifying and serving gifted and talented students who are economically disadvantaged, limited English proficient, and handicapped, and to statewide or regional projects.

In 1989, this was a forward-funded program for which funds were available from July 1, 1989, to September 30, 1990. In 1990 and subsequent years, it is a current-funded program for which funds are available from October 1 through September 30. The level of funding is dependent upon the availability of appropriations.

Accomplishments

The Department awarded 29 grants with fiscal year 1989 funds. Almost all of the applicants proposed to identify, and design programs for, disadvantaged

6. Javits gifted and talented students education

Accomplishments--Continued

high-ability youth. A substantial number of those funded plan statewide activities, and involve extensive collaboration. Others concentrate on teacher training, and a number plan serious investigations of effective practices. A competition to establish the National Center for Research and Development in the Education of Gifted and Talented Children and Youth has been announced, and an award is expected in the early spring of 1990. The Department is charged in the authorizing statute with serving as a focal point for national leadership. To carry out this charge, a series of conferences, seminars, and publications are planned.

1991 Budget Proposal

The Department proposes to continue this program in 1991 at its 1990 level of $8,888,000. Funds will support the continuation of projects begun in 1989 and 1990, including the second year of support for the National Center.

Impact Data	1989	1990	1991
Number of new awards	29	6	--
Number of continuation awards	--	26	32

7. Education for homeless children and youth: a. Grants for State activities (Stewart B. McKinney Homeless Assistance Act, Section 722)

1991 Authorization: $5,000,000 1/

Budget Authority:

1990 Appropriation	1991 Request	Increase or Decrease
$4,935,000	$5,000,000	+$65,000

1/ The GEPA extension expires September 30, 1991.

Purpose and Method of Operation

This program provides assistance to States and Outlying Areas to: (1) establish or designate an Office of Coordinator of Education for Homeless Children and Youth; (2) develop and carry out a State plan for the education of homeless children; and (3) carry out other activities to ensure that all homeless children in the State have access to a free appropriate public education. In addition, participating States must collect data on homeless children and submit interim and final reports on these data to the Department of Education. No funds may be used for direct educational services to children.

The allocations for States are proportionate to State allocations under Chapter 1, except that no State receives less than $50,000. This is a forward-funded program for which funds are available from July 1 of the year the funds are appropriated through September 30 of the following fiscal year. The level of funding is dependent upon the availability of appropriations.

Accomplishments

The first-year grants, from fiscal year 1987 funds, were awarded to States between January and May 1988. Fiscal year 1988 grants were awarded in September 1989 to the 51 States and 2 Territories that applied. All States are expected to apply for 1989 funds, which will be awarded in May 1990.

In February 1989, the Department submitted a report to Congress containing a compilation of the data all States are required to gather under the Act. Also submitted early in 1989 was the first annual report to Congress, containing a description of activities being carried out under the Act.

Accomplishments — Continued

To improve the quality of the data for the 1990 report to Congress, the Department has met with State directors for homeless programs and, with their assistance, has developed and issued guidance on data collection. This guidance was reviewed by the Interagency Council for the Homeless to ensure its consistency with efforts by other agencies.

1991 Budget Proposal

In accordance with President Bush's pledge to seek full funding under the McKinney Act, the Department requests $5,000,000 for the Education for Homeless Children and Youth State Grant program, the full amount authorized for this program. While other programs can provide direct educational services for homeless children, State educational agencies use funds from this program exclusively to gather data on the number and location of homeless children in the State, document problems these children are having with access to public education services and facilities, mediate jurisdictional disputes among local school districts, and implement their State plans to remove barriers and ensure that homeless children have full access to public education.

The Department's 1989 report to Congress found that many homeless children are not being educated in their local school systems and, at least in the past, have been denied schooling because of residency requirements or for other reasons. The McKinney Act makes States responsible for ensuring that these children receive an education and provides them with assistance in carrying out that responsibility. As such, the program provides a needed service for the benefit of a highly disadvantaged population.

Impact Data	1989	1990	1991
Number of awards	53	54	54
Average award	$91,208	$91,389	$92,593

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7. Education for homeless children and youth: b. Grants for exemplary programs
(Stewart B. McKinney Homeless Assistance Act, Section 723)

1991 Authorization: $2,500,000 1/

Budget Authority:

1990 Appropriation	1991 Request	Increase or Decrease
$2,469,000	$2,500,000	+$31,000

1/ The GEPA extension expires September 30, 1991. Reauthorizing legislation is pending.

Purpose and Method of Operation

Section 723 of the Stewart B. McKinney Homeless Assistance Act authorizes a program of discretionary grants to State and local educational agencies for exemplary programs that successfully address the needs of homeless students in elementary and secondary schools. Section 723 also authorizes the Secretary to conduct dissemination activities designed to inform State and local educational agencies about such programs. This is a current-funded program for which funds are available from October 1 through September 30. The level of funding is dependent upon the availability of appropriations.

Accomplishments

Fiscal year 1990 is the first year of funding for this program. The Department plans to publish an application notice in the Federal Register for a competition to be held in the spring. Awards will be for projects that will take place during the 1990-1991 school year.

1991 Budget Proposal

The Department requests $2,500,000 for the second year of Grants for Exemplary Programs. This request is made in fulfillment of President Bush's pledge to seek full funding for all programs authorized by the Stewart B. McKinney Homeless Assistance Act. For the most part, these awards will be noncompeting continuations.

There is no single, simple solution to the educational problems experienced by homeless children or by the State and local agencies responsible for providing educational services for those children. Homeless children and school officials can all benefit from the identification of and dissemination of information about successful approaches to those problems.

School Improvement Programs

7. Education for homeless children and youth: b. Grants for exemplary programs

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Impact Data	1989	1990	1991
Estimated number of grants	---	18	18
Estimated average grant	---	$128,000	$129,000
Dissemination activities	---	$169,000	$175,000

8. Women's educational equity
(Elementary and Secondary Education Act of 1965, Title IV, Part A)

1991 Authorization: Indefinite

Budget Authority:

1990 Appropriation	1991 Request	Increase or Decrease
$2,098,000	$1,000,000	-$1,098,000

Purpose and Method of Operation

The Women's Educational Equity Act (WEEA) program provides financial assistance to enable educational agencies and institutions to meet the requirements of Title IX of the Education Amendments of 1972 and to develop educational materials and projects to promote educational equity for women and girls including those who suffer multiple discrimination, bias, or stereotyping based on sex and on race, ethnic origin, disability, or age. A national publishing center, under contract to the Department, publishes and markets products developed by the grantees.

The statute authorizes model projects of national, statewide, or general significance, and, if the appropriation exceeds $4,500,000, two-year matching grants for projects of local significance. General and challenge grants are awarded in a national competition. Special consideration is given to applicants that have not previously received funding under the program.

General grants support projects that focus on a variety of topics that include enabling institutions to meet the requirements of Title IX, encouraging girls and women who have dropped out of school to resume their education, and increasing the educational achievement of economically disadvantaged women and girls. Challenge grants of up to $40,000 support comprehensive plans for implementation of equity programs, school-community partnerships, and new dissemination and replication strategies.

Activities may include the development and evaluation of curricula, textbooks, and other educational materials that are commercially unavailable; model preservice and inservice training programs for educational personnel; research and development; guidance and counseling; development of nondiscriminatory tests; continuing education and programs for underemployed and unemployed women; and activities for women in vocational, career, or physical education and educational administration.

Purpose and Method of Operation -- Continued

This is a current-funded program for which funds are available from October 1 through September 30. The level of funding is dependent upon the availability of appropriations.

Accomplishments

Each year the Secretary selects categories in which grants will be awarded. For 1989, these categories were: (1) model projects on educational equity for racial and ethnic minority women; and (2) projects with other purposes allowable under the statute. In addition, the Secretary invited applicants to propose projects designed to foster and promote strong instructional leadership; a safe and orderly climate in schools; frequent assessment of pupil progress; high teacher expectations for student achievement; cost effectiveness for ease of replication; or a positive impact on the family.

In 1989, the majority of WEEA projects were operated by IHEs or nonprofit organizations and involved collaborative efforts between community-based organizations and LEAs. Most of the projects were focused either on promoting careers in math, science, and other nontraditional fields for women or on providing educational equity for racial and ethnic minority women.

For 1990, priority for funding will be given to projects that seek to: (1) reduce the rate at which women drop out of formal education, or encourage women dropouts to resume their education; (2) enhance opportunities for educational achievement by economically disadvantaged women; and (3) enhance opportunities for educational achievement by women who suffer multiple discrimination on the basis of sex and race, ethnic origin, age, or disability.

1991 Budget Proposal

For 1991, $1,000,000 is requested for the WEEA program. As other programs have emerged to address educational equity needs and as the educational status of women has changed, there is a decreasing need for the WEEA program. Sex equity needs are being addressed by State and local educational agencies with funds from Chapter 2, Training and Advisory Services, the Carl D. Perkins Vocational Education Act, and other sources. The requested funding level would be used to continue supporting the publishing center -- which would ensure that products developed over the last 14 years would continue to be available to States, school districts, and colleges -- and to support grants for innovative model projects to promote educational equity for women and girls.

School Improvement Programs

8. Women's educational equity

Impact Data

	1989	1990	1991
Program grants	$2,438,000	$1,587,000	$489,000
Publishing center contract	$511,000	$511,000	$511,000
Number of awards	29	20	10
General grants	17	10	5
Challenge grants	12	10	5

9. Training and advisory services
(Civil Rights Act of 1964, Title IV)

1991 Authorization: Indefinite

Budget Authority:

1990 Appropriation	1991 Request	Increase or Decrease
$21,451,000	$21,451,000	---

Purpose and Method of Operation

Title IV of the Civil Rights Act authorizes technical assistance, training, and advisory services to school districts to address problems associated with desegregation on the basis of race, sex, or national origin. Grants are awarded to regional desegregation assistance centers (DACs) and to civil rights units within State educational agencies (SEAs) to enable them to provide assistance to school districts, at the districts' request. SEAs are expected to take the lead in assisting local school districts. The DACs supplement and support State efforts. This is a current-funded program for which funds are available from October 1 through September 30. The level of funding is dependent upon the availability of appropriations.

SEA program

Applicants for the SEA desegregation program propose activities to provide assistance for race, sex, and/or national origin desegregation in the State. Each SEA applicant must demonstrate leadership in facilitating desegregation; have access to its Chief State School Officer; have a plan to inform LEAs of assistance available; be familiar with the desegregation-related needs and problems of LEAs and be able to provide assistance to meet those needs; have a plan for coordination with other desegregation programs in the State; and provide a plan of operation for the proposed project. SEAs that meet these requirements receive non-competitive, one-year grant awards.

DAC program

Each DAC must provide comprehensive services for race, sex, and national origin desegregation in its geographic region. There is one DAC in each of the ten Department of Education regions. Three-year awards are made on a competitive basis. A new grant competition for DACs will be held in 1990. In selecting grantees for the DAC program, the Department evaluates the applicant's mission and strategy, organizational capability, plan of operation, quality of key personnel, budget and cost effectiveness, evaluation plan, and adequacy of resources. DAC applications are judged by panels of experts composed of Federal employees, professional educators, and community members.

School Improvement Programs

9. Training and advisory services

Accomplishments

SEA Program

Under the SEA program, fiscal year 1989 awards (for the project year beginning July 1, 1989) were issued in March 1989, enabling SEAs to plan and implement summer training programs and make commitments to school districts to provide technical assistance during the 1989-90 school year. Of the 52 SEAs participating in the program, 34 provide comprehensive programs that include assistance in desegregation. SEAs conduct district-level, regional, and statewide training sessions on race, sex, and national origin desegregation issues including: improving interaction among racial/ethnic groups and decreasing the minority dropout rate in desegregated schools; non-sexist career and vocational counseling; improving participation of female and minority students in advanced mathematics and science courses; sex-fair athletics; the requirements and options available for serving limited English proficient students; and developing strategies for involving parents and community members in school desegregation programs. SEAs provide school districts with technical assistance in revising or implementing race desegregation plans and in developing corrective action plans to address incidents of racial unrest in desegregated schools.

DAC Program

In fiscal year 1989, the Department awarded non-competitive continuation grants to the 10 regional DACs first funded in 1987, completing the three-year period for their awards. For 1990, the Department is conducting a new competition for DACs. Awards are expected to be made by March 15, 1990, to enable a full quarter phase-out of operations for any current DAC that is unsuccessful in the new competition and to provide adequate start-up time to enable new DACs to become fully operational when their awards become effective on July 1. Under the DAC program, school districts have requested assistance in areas similar to those cited for the SEA program; however, the DACs generally work more with district-level personnel, while SEAs tend to work with school-level personnel. Assistance programs planned with individual school districts are frequently designed to address a range of educational problems involving race, sex, and national origin desegregation. These activities have included development of a regional telecommunications network that enables computer-mediated conferences among LEA participants and provides an electronic bulletin board with up-to-date information about policies and practices affecting race, sex, and national origin desegregation. School districts also request technical assistance in desegregation policy development, staff training, and program evaluation.

Accomplishments — Continued

In December 1989, the Department held its first joint desegregation program conference bringing together representatives from SEAs and DACs funded under Title IV of the Civil Rights Act and school districts that received awards under the 1989 Magnet Schools Assistance grant competition. The purpose of the conference was to encourage coordination and collaboration between the two programs and to increase the effectiveness of the two programs by providing a setting in which representatives could share their knowledge experience, and expertise.

Under the Title IV program, SEAs and DACs share responsibility for the coordination of their assistance programs. At a minimum, these coordination activities are expected to prevent duplication of effort. Each DAC has held at least two regional meetings with SEA project directors to discuss plans and strategies and to develop joint activities such as conferences.

1991 Budget Proposal

For 1991, the Department is requesting $21,451,000, the same as the 1990 appropriation so that the SEAs and DACs can continue to provide training and technical services to school districts that need assistance in desegregation. This funding will provide continuing support to SEAs and the second year of funding for DACs selected in the FY 1990 competition.

Impact Data	1989	1990	1991
Number of awards:			
SEAs	52	53	53
DACs	10	10	10
Funding:			
SEAs	$15,243,000	$14,247,000	$14,247,000
DACs	$8,200,000	$7,204,000	$7,204,0000
Average award:			
SEAs	$293,135	$268,811	$268,811
DACs	$820,000	$720,400	$720,400

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10. Dropout prevention demonstrations
(Elementary and Secondary Education Act of 1965, Title VI, Parts A and C)

1991 Authorization: To be determined 1/

Budget Authority:

1990 Appropriation	1991 Request	Increase or Decrease
---	$45,000,000	+$45,000,000

1/ The authorization expired September 30, 1989. Reauthorizing legislation is pending.

Purpose and Method of Operation

Under Title VI of the Elementary and Secondary Education Act, the reauthorization of which is pending, the Department proposes to conduct a new, controlled demonstration program to test and evaluate, under rigorous methodological conditions, the effect of promising strategies in dropout prevention and recovery.

The demonstration program will employ a two-pronged approach. At least half the funds will be reserved for specified, comprehensive dropout prevention and recovery models. The models will be based on the latest research, developed in consultation with an independent panel of experts during fiscal year 1990, and published in the Federal Register as proposed funding priorities to solicit public comment. The remainder will support locally developed, research-based dropout prevention and recovery projects. These projects will be required to address the published priorities, but will be given the flexibility to adapt them to address the specific needs of their target population.

Research and evaluation studies have identified several promising strategies in dropout prevention and recovery that should be used as components of the demonstration models. Examples are:

- Small program size. Many students who have not met with success in the regular school program have been alienated by a large, bureaucratic system that does not respond to their needs. The research suggests that these students function better in small programs where teachers can relate to students more personally.

Purpose and Method of Operation -- Continued

- Alternative instructional environment. Alternative instructional environments have been developed to provide students who have difficulty adapting to the regular school environment with educational settings more compatible with their learning styles. These alternative environments are often located in a separate facility, provide flexible class schedules, and allow for a wide range of instructional approaches.

- Teacher autonomy. In dealing with at-risk youth, teachers need to have the latitude to experiment with different instructional approaches, learning materials, and styles of interaction to determine which are most effective in meeting the academic and personal needs of individual students.

- Academic remediation. Improving basic skills of at-risk youth is essential to improving their opportunities for employment and postsecondary education. However, many dropout programs do not even include this component. Remediation would consist of: diagnosis of individual students' academic needs, development of an individualized learning program, and emphasis on basic skills.

- Counseling. Many students who drop out of school need support and encouragement to say in school and learn. Many persons could play this role, including a teacher, a counselor, peer, or an adult from the community.

- School-business linkages. School-business linkages provide students with motivation and incentives to stay in school. The linkage can take such forms as summer internships, mentors, or provision of equipment, funds, and staff to the school.

- Early intervention. For many dropouts, problems in school begin at an early age. Many project administrators of dropout prevention programs have emphasized that providing special help at the secondary school level is too late for at-risk youth. Programs at the upper elementary and middle school grades can address the problems of at-risk youth as they first develop.

All projects will be rigorously evaluated using designs and methodology similar to those used in evaluations conducted by the Department of Labor. Evaluation activities will consist of: (1) technical assistance to local projects in collecting data to validate individual programs, along with a national summary of findings from the projects; and (2) a national evaluation of selected projects to identify what approaches work best.

Purpose and Method of Operation -- Continued

The national evaluation will employ, as appropriate, an experimental design involving random assignment of applicants to treatment and control groups. If necessary, other designs such as matched comparison groups will be employed. Regardless of which evaluation design is used, students will be tracked over time to assess changes in attitudes, school behavior (attendance and discipline), test scores, and aspirations.

This would be a current-funded program, for which funds are available from October 1 through September 30. The level of funding would be dependent upon the availability of appropriations.

Accomplishments

Under the previous authorization for dropout prevention demonstrations, the Department funded a number of promising local projects at the elementary, middle, and secondary school levels in rural and urban areas. These projects, which were funded to operate during the 1988-89 and 1989-90 school years, are providing a range of services, from after-school tutoring a few hours per week to alternative schools with restructured curricula and student support services. Through an in-depth evaluation, the Department is assessing these projects, and will use relevant findings in developing models for the proposed new effort.

Although the current program will provide a basis for determining the range of dropout prevention and reentry projects currently in existence, the projects for the most part do not focus on funding comprehensive programs that provide basic skills instruction, counseling, employment preparation, parental involvement, and adult mentors. Research has suggested that comprehensive programs, involving several components, are most effective in preventing students from dropping out of school. The majority of projects funded in 1988 involve fewer than 10 hours per week of student contact.

1991 Budget Proposal

For 1991, the Department requests $45,000,000 for Dropout Prevention Demonstrations. The funds will be used to test and demonstrate effective approaches to dropout prevention and recovery and will involve rigorous evaluations similar to those used for demonstration programs funded by the Department of Labor. Projects begun in 1991 will be funded for up to four years. Up to $2,000,000 each year will be used for the evaluation activities.

Funding for this demonstration program is being requested in concert with a $5 million proposal under the Research, Statistics, and Improvement of

1991 Budget Proposal — Continued

Practice account. The $5 million requested under that account will complement the demonstration effort by supporting research and development activities designed to provide useful information about how to improve the academic performance of secondary school students and reduce the number of dropouts.

While continued efforts are needed to reduce the dropout rate, it is also essential to gain hard evidence of programs that work. The extension of the dropout demonstration assistance program, along with added rigor for local evaluations, designation of priorities and models based on research findings, and a national evaluation of selected projects, will assist in providing that evidence.

Impact Data 1/	1989	1990	1991 2/
Total:			
Amount for project awards	$19,945,000	—	$43,000,000
Number of project awards	89	—	115
Average project award	$244,000	—	$369,565
Additional project activities	$309,000	—	—
Evaluation study	$1,482,000	—	$2,000,000
LEAs with 100,000 or more students:			
Amount of LEA awards	$3,739,000	—	$8,062,500
Number of grants	14	—	20
Amount for LEA partnerships	$1,247,000	—	$2,687,500
Number of partnerships	5	—	7
Average award	$262,000	—	$400,000
LEAs with 20,000-99,000 students:			
Amount of LEA awards	$5,983,000	—	$12,900,000
Number of LEA grants	21	—	32
Amount for partnerships	$1,995,000	—	$4,300,000
Number of partnerships	8	—	11
Average award	$275,000	—	$400,000
LEAs with fewer than 20,000 students:			
Amount of LEA awards	$4,488,000	—	$9,675,000
Number of LEA grants	26	—	28
Amount for partnerships	$1,496,000	—	$3,225,000
Number of partnerships	8	—	9
Average award	$176,000	—	$350,000

School Improvement Programs

10. Dropout prevention demonstrations

Impact Data 1/-- Continued	1989	1990	1991
Community-based organizations:			
Amount of awards	$997,000	—	$2,150,000
Number of grants	7	—	7
Average award	$142,000	—	$300,000

1/ Twenty-five percent of the funding is allocated to local educational agencies (LEAs) enrolling at least 100,000 students, 40 percent to LEAs with between 20,000 and 100,000 students, 30 percent to LEAs with fewer than 20,000 students, and 5 percent to community-based organizations (CBOs). Of the funds allocated to each category of LEA, 25 percent goes to partnerships of LEAs, private businesses, CBOs, and other public and private non-profit entities. (Pending reauthorization bills in both the House and the Senate would change this set-aside to not less than 25 percent nor more than 50 percent.)

2/ Estimates of amounts allocated among different categories of school district, number of awards, and average award size are based on pending legislation. Depending on the structure of final legislation and the outcome of grant competitions, actual numbers may be very different.

11. General assistance to the Virgin Islands
(Elementary an Secondary Education Act of 1965, Section 4501)

1991 Authorization: $5,000,000

Budget Authority:

1990 Appropriation	1991 Request	Increase or Decrease
$4,391,000	$4,391,000	---

Purpose and Method of Operation

Under this program, an award is made to the Virgin Islands to be used for elementary and secondary education. The authorizing legislation is very broad, limiting use of the funds only to "general assistance to improve public education." The education department in the Virgin Islands has used these funds primarily to construct, renovate, and maintain classroom and other educational facilities, and to remove asbestos and perform additional needed repairs in public education facilities. This is a current-funded program for which funds are available from October 1 through September 30. The level of funding is dependent upon the availability of appropriations.

Accomplishments

In 1989, the Virgin Islands used funds from this program for construction, renovation, and repairs in a number of schools and classrooms; general roof repairs and replacements of gutters; and installation of security systems in schools and other educational facilities.

1991 Budget Proposal

For 1991, the Department proposes to fund the General Assistance to the Virgin Islands program at $4,391,000, the same as the 1990 appropriation. This request is based on a 1988 study, contracted for by the Department, that addressed selected issues related to the need for the General Assistance program. The findings in the contractor's report, An Analysis of Factors Relating to Federal General Assistance in the Virgin Islands, indicate a continuing need for General Assistance funds. Specifically, the report reached the following conclusions:

- In comparison with the 50 States, the Virgin Islands are low in their fiscal capacity to support education but quite high in their tax effort to support schools. In terms of fiscal capacity, measured as personal

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1991 Budget Proposal — Continued

income per capita, the Virgin Islands rank lower than any of the 50 States or the District of Columbia. At the same time, compared with the States, the Virgin Islands ranked third highest in tax effort in 1985-86 (as measured by State and local revenues as a share of personal income).

- The Virgin Islands have a student population with an extremely high level of educational need relative to the States. On an index based on educational deficiencies including students' family poverty status, handicapping condition, limited proficiency in English, single-parent family status, and mother's low educational attainment, the Virgin Islands rank higher than any State in educational need.
- Many of the public schools in the Virgin Islands are in need of renovation to correct deficiencies in plant facilities. Some additional classroom space is still needed in certain areas to alleviate overcrowding.
- Library resources in the public schools in the Virgin Islands compare less favorably to facilities in the States in some areas and more favorably in others. Every public school in the Virgin Islands has a library, but these libraries tend to be smaller, deficient in space, and less well stocked with books than public school libraries in the States.

In addition, Hurricane Hugo had a devastating effect in the Islands, creating the need for new repairs to school buildings and other educational facilities. Funding at the requested level will provide the Virgin Islands with resources to address these special needs.

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12. Ellender fellowships
(Elementary and Secondary Education Act of 1965, Title IV, Part C)

1991 Authorization: Indefinite 1/

Budget Authority:

	1990 Appropriation	1991 Request	Increase or Decrease
Program for students and teachers	$3,084,000	$1,000,000	-$2,084,000
Program for older Americans and recent immigrants	619,000	---	-619,000
Total	3,703,000	1,000,000	-2,703,000

1/ No funds are authorized for the program for older Americans and recent immigrants unless sufficient amounts are appropriated to carry out activities under the student and teacher program at the level established during fiscal year 1989.

Purpose and Method of Operation

This program is administered by the Close Up Foundation of Washington, D.C. The Foundation provides fellowships to students from low-income families and their teachers to enable them to participate with other students and teachers (who pay their own tuition and travel costs) in the Close Up program. Participating students and their teachers spend one week in Washington attending seminars on government and current events and meeting with leaders from the three branches of the Federal Government. Close Up also sponsors a similar program for increasing understanding of the Federal Government for older Americans and recent immigrants. Federal funding for Ellender fellowships for economically disadvantaged older Americans and recent immigrants was authorized beginning in 1989. However, no funds are authorized for this new program unless sufficient funds are appropriated to provide Ellender fellowships for students and teachers at the level established during fiscal year 1989.

This is a forward-funded program. Funds are available for obligation from July 1 of the fiscal year in which they are appropriated through September 30 of the following fiscal year. The level of funding is dependent upon the availability of appropriations.

12. Ellender fellowships

Accomplishments

In the 1989-90 school year, 2,800 low-income students, 3,000 teachers, and 1,162 older Americans and recent immigrants will receive fellowships to allow them to participate in the Close Up program. Fellowship recipients represent about 25 percent of the participants in the Close Up program. The Close Up Foundation has demonstrated an excellent capability for raising private funds to support this program, and both the number of participants and the number of activities supported by the program have grown steadily since the program began in 1971.

1991 Budget Proposal

For fiscal year 1991, $1,000,000 is requested for Ellender fellowships for students and teachers. These fellowships act as a seed mechanism and generate a substantial multiplier effect of participation in local communities that choose to participate in the Close Up Foundation's program. In addition, the fellowships facilitate a broad-based representation of students from different geographic areas and backgrounds, thereby enhancing the educational experience of all program participants. However, considering the large and increasing amount of community and private support that the Foundation and local communities have managed to generate for the Close Up program, the Federal contribution should be limited to an amount needed to leverage these additional funds from business, government, education, and parents in each community. At the requested level the Foundation should be able to maintain its program, including the fellowship component, at the 1990 operating level. No funds are requested for the program of fellowships for older Americans and recent immigrants because funding is not authorized for that program at the requested level.

Impact Data 1/	1989	1990	1991
Program for Students and teachers:			
Total Federal share	$2,964,000	$3,084,000	$1,000,000
Total participants	26,700	28,000	28,000
Total number of fellowships	5,800	6,100	6,100
Average cost of fellowships	$677	$689	$689
Federal share per fellowship	$511	$506	$164
Program for older Americans and recent immigrants:			
Total Federal share	$494,000	$619,000	---
Total participants	1,770	3,760	3,760
Total number of fellowships	1,162	2,200	2,200
Average cost of fellowships	$658	$532	$532
Federal share per fellowship	$425	$281	---

1/ Reflects full program operating level. Includes federally funded as well as non-federally funded participants and fellowships.

13. Follow through
(Follow Through Act)

1991 Authorization: --- 1/

Budget Authority:

1990 Appropriation	1991 Request	Increase or Decrease
$7,171,000	---	-$7,171,000

1/ The authorization expires September 30, 1990. The GEPA extension does not apply, and no new authorizing legislation is proposed.

Purpose and Method of Operation

The principal goal of Follow Through is to develop knowledge about various educational practices that can assist low-income children in early elementary grades in developing to their full potential. The intent is to sustain the gains made by preschool children through the Head Start program. Under the program, grants are awarded to two types of entities: local educational agencies and sponsors.

- Local educational agencies (LEAs) provide direct compensatory education programs and services to children from low-income families in kindergarten through grade three.
- Sponsors are universities or research organizations that have developed specific models for early childhood education and provide technical assistance to the LEA projects to implement, evaluate, and disseminate their models. A small number of LEAs are also sponsors.

Follow Through was first funded in 1968. In 1975, a longitudinal study of the program was completed. On the basis of the findings of this study, the Department concluded that the basic objectives of the program had been met and initiated a phase-out strategy for the program.

Between 1972 and 1986, participation in the program was restricted to continuing projects and sponsors, first to provide for longitudinal data collection for the above-mentioned study and later to facilitate phase-out of the program. However, the Congress continued to reauthorize and fund the program. In reauthorizing the program through 1990, the Congress made clear its intention that Follow Through become a competitive grant program and that the grant award process consider new as well as existing grantees.

This is a current-funded program for which funds are available from October 1 through September 30. The level of funding is dependent upon the availability of appropriations.

School Improvement Programs

13. Follow through

Accomplishments

In 1988, the Department held two competitions to select sponsors and LEAs for Follow Through funding. One competition was among self-sponsored local project applicants and the other among local projects affiliated with a sponsor by joint application. A total of 63 grants were awarded: 9 for self-sponsored LEA projects, 14 for sponsors, and 40 for LEAs affiliated with these sponsors. Continuation awards will be made to these grantees in early 1990 from funds appropriated for fiscal year 1990.

1991 Budget Proposal

No funds are requested for Follow Through in 1991. The basic objectives of the program have been met. Outstanding models for early childhood education have been developed, refined, and disseminated for over 20 years. The National Diffusion Network has disseminated exemplary Follow Through projects and can continue to do so after the termination of Follow Through as a categorical program. Also, in 1987, Follow Through's contributions to compensatory education were documented in a comprehensive report. Activities to improve educational programs for children in early elementary grades can continue to be carried out under Chapter 1 grants to LEAs as well as under Chapter 2 State Block Grants.

Impact Data	1990	1991	1991
Number of Awards:			
LEA projects:			
Sponsored	40	40	---
Self-sponsored	9	9	---
Sponsors (universities)	14	14	---
Total grantees	63	63	---
Children participating	12,500	12,500	---

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14. Star schools
(Education for Economic Security Act, Title IX)

1991 Authorization: 1/

Budget Authority:

1990 Appropriation	1991 Request	Increase or Decrease
$14,813,000	---	-$14,813,000

1/ A total of $100,000,000 is authorized through 1992. No more than $60,000,000 may be appropriated in any fiscal year. A total of $48,360,000 has been appropriated for 1988, 1989, and 1990.

Purpose and Method of Operation

This program supports eligible telecommunications partnerships organized on a statewide or national basis to develop, construct, and acquire telecommunications equipment; develop and acquire instructional programming; and obtain technical assistance. Teacher training is also permitted. The purpose of the program is to improve instruction in mathematics, science, foreign languages, and other subjects such as vocational education, primarily by means of satellite or microwave relay between centrally located sources of instruction and students in different locations, especially students in schools eligible for Chapter 1 services or those in areas with scarce resources and limited access to science, math, and foreign language courses.

Of the funds awarded to eligible telecommunications partnerships, not less than 50 percent must be for services, equipment, or facilities for local educational agencies eligible to receive Chapter 1 funds. Not less than 25 percent of the funds must be for instructional programming. Except in cases of demonstrated hardship for which the Secretary may waive the requirement, grantees must provide a 25 percent match in funds. No grant may exceed $10 million. The Department must compile and disseminate a listing and description of the instruction made available.

This is a current-funded program for which funds are available from October 1 through September 30. The level of funding is dependent upon the availability of appropriations.

Accomplishments

The four Star Schools projects first funded in 1988 and continued in 1989 installed some 1660 receivers (downlinks) for satellite communications at

Accomplishments--Continued

local schools in 40 States, developed and piloted high school credit courses, developed hands-on science experiments involving students in different geographic areas, and trained teachers to use the programs. Projects offer high school credit courses, staff development programs, student enrichment programs, and college credit courses for teachers. In 1989, 31 courses were offered for high school credit in science, mathematics, and foreign languages. The foreign languages taught included the Romance languages, German, Japanese, Russian, and Chinese. About 15,000 high school students enrolled in credit courses. An additional 18,000 students were involved in hands-on science experiments conducted by telecommunications. For example, students from several States were afforded access to a telescope that had been provided to one high school under an NSF grant. Students can request that specific observations be made and then receive a facsimile photograph of the requested portion of the night sky the next day.

In 1990, a competition to select new partnerships to conduct Star Schools projects will be conducted, and three to five awards are expected.

1991 Budget Proposal

No funds are requested in 1991 for this program. After three years of Federal assistance and wide participation in the funded projects, instruction by means of telecommunications has been amply demonstrated, and substantial amounts of equipment have been installed in participating schools. All four, original partnerships are expected to continue to provide services on a fee basis, following the termination of grant support, and similar services are also available from a number of other public institutions. In addition, the Department has other authority, under the Fund for Innovation's Technology Education program, to support the development and delivery of instruction through the use of telecommunications.

Impact Data	1989	1990	1991
Number of new awards	--	3-5	--
Number of continuation awards	4	--	--

15. Education for Native Hawaiians
(Public Law 100-297, Title IV)

1991 Authorization:

Model curriculum implementation project:	Indefinite
Family-based education centers:	Indefinite
Higher education demonstration program:	$2,000,000
Gifted and talented demonstration program:	$1,000,000
Special education program:	$1,500,000

Budget Authority:

	1990 Appropriation	1991 Request	Increase or Decrease
Model curriculum	$493,763	---	-$493,763
Family-based centers	2,765,089	---	-2,765,089
Higher education	1,678,778	---	-1,678,778
Gifted and talented	740,685	---	-740,685
Special education	740,685	---	-740,685
Total	6,419,000	---	-6,419,000

Purpose and Method of Operation

Title IV of the Hawkins-Stafford Elementary and Secondary School Improvement Amendments authorizes five programs dealing exclusively with the education of Native Hawaiians.

Model Curriculum Implementation. Under this program, the Department is directed to make grants to the University of Hawaii, the Hawaii State Department of Education, the Kamehameha Schools/Bernice Pauahi Bishop Estate, and the State of Hawaii for specific activities associated with implementing, in public schools, an elementary school curriculum developed by the Kamehameha Elementary Demonstration School.

Family-Based Education Centers. Grants are awarded to Native Hawaiian organizations to establish a minimum of 11 centers whose activities are to include parent-infant programs, preschool programs, research and development, and a follow-up and assessment program.

Higher Education Program. Funds are awarded to the Kamehameha Schools/Bernice Pauahi Bishop Estate for graduate and undergraduate fellowships for Native Hawaiian students and for related support services.

Purpose and Method of Operation -- Continued

Gifted and Talented Program. Funds are awarded to the University of Hawaii at Hilo to establish a Native Hawaiian gifted and talented center at the University and to operate demonstration projects for gifted and talented Native Hawaiian elementary and secondary school students.

Special Education Program. Funds are awarded to the State of Hawaii or to Native Hawaiian organizations for special education projects for handicapped Native Hawaiian students.

This is a current-funded program for which funds are available from October 1 through September 30. The level of funding is dependent upon the availability of appropriations.

Accomplishments

In general, funds for the first year of this program -- fiscal year 1989 -- were awarded to grantees in the summer of 1989 for activities that are taking place during the 1989-90 school year. Activities are just getting underway, no reports have been filed by grantees, and the Department has made no monitoring visits. Therefore, the information that follows is based primarily on descriptions of anticipated activities supplied by the grantees in their applications.

Model Curriculum Implementation. The 1989 funds for this program were awarded in May 1989 to the Kamehameha Schools/Bernice Pauahi Bishop Estate, the only applicant. The grantee is using the funds to evaluate the effectiveness of an elementary school language arts curriculum that it has been working on since 1972. The curriculum is currently available for grades K-3, but is intended ultimately for use in grades K-6. The curriculum has been adopted by eight public schools in the State. These schools enroll 2,000 students, but it is not clear how many of them are Native Hawaiian or how many of those students actually use the curriculum. The grantee also provides consultant services to the Hawaii State Department of Education and, through a subcontract with the University of Hawaii, provides training to teachers to help them implement the curriculum. Although the curriculum has been evaluated several times in the past, the results have apparently been mixed and the grantee believes that previous evaluation attempts have been hampered by implementation and design problems.

Family-based education centers. Under this program, first-year grants have been awarded to the Kamehameha Schools/Bernice Pauahi Bishop Estate, which is operating eight centers, and to Aha Punana Leo, Inc., which is operating five centers. The preschool programs in the centers operated by the Bishop

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Accomplishments — Continued

Estate are focused on fostering competencies and school readiness in English, while the Punana Leo program focuses on learning through the Hawaiian language. Early estimates were that the combined programs would reach approximately 1,600 preschool children and their families.

Higher Education Program. Fiscal year 1989 funds were awarded in July 1989 to the Kamehameha Schools/Bernice Pauahi Bishop Estate. With these funds, the Bishop estate had planned to award 300 undergraduate and 75 graduate fellowships annually. However, to date no awards have been made. The Kamehameha Schools now plans to use the 1989 funds to recruit potential fellowship recipients in the spring for awards that will start at the beginning of the 1990-91 academic year.

Gifted and Talented Program. Fiscal year 1989 funds were awarded in June 1989 to the University of Hawaii at Hilo. The University has been developing plans for activities in four general areas, most of which are scheduled to begin in spring of 1990:

- Identification and Assessment -- The University is developing a definition of "giftedness" for Native Hawaiian children and criteria that can be used to identify Native Hawaiian children as gifted and talented. The University believes that Native Hawaiian children are not adequately represented in existing State-operated gifted and talented programs -- most of which focus on academically gifted children. It is working with the State educational agency to review ways in which these programs can broaden their scope to include areas in which Hawaiians and other minority group children show particular talent. Currently, while Native Hawaiian children make up 22 percent of Hawaii's public school enrollment, they represent only 11 percent of the enrollment in gifted and talented programs.

- Teacher Workshops -- The University is planning a series of inservice training workshops for teachers, to sensitize them to the needs and potential of gifted and talented Native Hawaiian children and to train them in methods of identifying such children.

- Parent Workshops -- The University is planning a series of workshops to provide parents with information on gifted and talented programs and on how they can support their children's academic efforts.

- Program for children -- The University is planning a variety of programs including:
    - -- a 40-member children's chorus, to start in spring 1990.
    - -- a mentorship program for about 50 students in grades 7 through 12.

Accomplishments — Continued

- — After-school activities for students in grades 2 through 9.
- — A program designed to identify about 30 high school students as gifted and build their self-esteem.
- — Several small summer programs, in areas such as field geography, Hawaiian language, and aquaculture, each serving groups of about 10 high school students.

Special Education Program. The 1989 funds for this program were awarded in September 1989 to the Hawaii State Department of Education. The State estimates that there are 3,918 Hawaiian and part-Hawaiian students who are eligible for special education services. With the money from this program, the State Department of Education plans to conduct inservice and preservice teacher training, support a parent and community involvement component, and support local efforts to "mainstream" special education students into regular classrooms. As of January 1990, the Education Department has signed a memorandum of agreement with the University of Hawaii. It had not yet hired a project coordinator or started project activities, but hoped to do so by February.

1991 Budget Proposal

The Department requests no funds for these programs in 1991. Native Hawaiians, to the extent that they meet eligibility criteria that are applied to all citizens, are eligible for Department of Education services, including student financial aid programs, that duplicate many of the activities in these new programs.

In 1990, the Department received $10 million for programs that provide services exclusively to Native Hawaiians. This amounts to almost $200 for each Native Hawaiian child under age 20 in the State of Hawaii. This is in addition to formula grants that the State of Hawaii already receives from such programs as Chapter 1, Chapter 2, and Education for the Handicapped. The amount of these funds going to the State is computed taking into account all students in the State, including Native Hawaiians, who are eligible for the services.

The Department is also concerned that several other provisions of the authorizing legislation involve activities or roles that are inappropriate for the Federal Department of Education: that funds and services are made available on the basis of race; that funds for the most part must be awarded on a noncompetitive basis to specified grantees; and that the Secretary is directed to ensure that a particular curriculum is adopted by public schools in the State of Hawaii.

1991 Budget Proposal — Continued

Finally, the Department is concerned that most of the activities planned by the grantees in these five programs seem to be slipping by at least one year. It now appears that much of the 1989 funds will be used to support activities that will not take place until the 1990-91 school year, yet a sizeable increase in 1990 funds has been appropriated for that year — funds that must be obligated by September 30, 1990. This situation further calls into question the need for an appropriation in 1991.

Impact Data	1989	1990	1991
Model Curriculum	$395,200	$493,763	---
Number of grants	1	1	---
Family-based centers	$1,778,400	$2,765,089	---
Number of grants	2	2	---
Number of centers	11	11	---
Approx. children served	1,600	1,600	---
Higher Education	$1,482,000	$1,678,778	---
Number of grants	1	1	---
Undergraduate fellowships	300 1/	325 2/	---
Graduate fellowships	75 1/	100 2/	---
Gifted and talented	$790,400	$740,685	---
Number of grants	1	1	---
Special education	$494,000	$740,685	---
Number of grants	1	1	---

1/ Will not be awarded until end of 1990, for fellowships during the 1990-91 academic year.

2/ Will not be awarded until the end of 1991, for fellowships during the 1991-92 year.

Supplemental Fact Sheet on Native Hawaiians

Demographic Data

In the 1980 Census, 115,500 people in the State of Hawaii, or about 12 percent of the total State population of 965,000, identified themselves racially as Native Hawaiians. (An additional 20,841 persons identified themselves as having at least some Hawaiian ancestry.) The Census also revealed that about 44 percent of the Native Hawaiians in the State were under 20 years old. According to the State Department of Education, there are currently 37,690 students of Hawaiian or part Hawaiian ancestry enrolled in the State's public schools.

Generally, Native Hawaiians living in Hawaii rank higher than other minority groups but below the national average on most social indicators. Selected measures are shown on the chart that follows.

	Native Hawaiian	National Average	White	Black	Indian Eskimo, Aleutian	Hispanic
Median years of school completed...	12.4	12.5	12.5	12.0	12.2	10.8
Percent high school graduates...	68.2	66.5	68.8	51.2	55.5	44.0
Median family income.............	$19,824	$19,917	$20,835	$12,598	$13,724	$14,712
Percentage of families with incomes below poverty level......	15.1	9.6	7.0	26.5	23.7	21.3

Source: 1980 Census of Population

Federal Programs

The State of Hawaii receives funds from many Federal education programs, just as all other States do. To the extent that Native Hawaiian children are eligible for these programs, the State is obligated to provide services without regard to race. In addition, several Federal statutes direct the Department of Education to award funds for programs that provide services exclusively to Native Hawaiians. For the most part, these statutes also prescribe the recipient of the funds. A summary of these exclusive programs follows.

1. Carl D. Perkins Vocational Education Act -- One quarter of one percent of the amount of appropriated for Titles II and IV of the Perkins Act (other than Title IV-E) and the Smith-Hughes Act is set aside for awards to "organizations primarily serving and representing Hawaiian natives which

Supplemental Fact Sheet
on
Native Hawaiians -- Continued

are recognized by the Governor of the State of Hawaii to plan, conduct, and administer [vocational education] programs...for the benefit of Native Hawaiians." Each year, the Governor has recognized Alu Like, Inc. as the only organization eligible to receive the funds. (Further information on this program is contained under the Vocational and Adult Education account.)

2. Library Services and Construction Act -- One half of one percent is set aside from the amounts appropriated for Title I (Public Library Services), Title II (Public Library Construction), and Title III (Interlibrary Cooperation) for grants to "organizations primarily serving and representing Hawaiian natives that are recognized by the Governor of the State of Hawaii." Each year, the Governor has recognized Alu Like, Inc. as the only organization eligible to receive the funds, which may be used for a wide variety of activities associated with providing public library services to Native Hawaiians. These activities have included such things as the operation of a resource van that is stocked with exhibits on Hawaiian life and culture and with books available for circulation; the van operates on each of the major islands. Another activity, books by mail, serves Native Hawaiians who live on homesteads and in remote rural areas where regular library services are not available; a catalog of resources is maintained and made available in participating communities. Other activities include extending operational hours for the non-profit Bishop Museum Library; strengthening the Hawaiian and Pacific collections in the Hawaii State Library; and supporting such things as homework centers, parent/child literacy workshops, needs assessments, and the training of Native Hawiians to become librarians.

3. Drug-Free Schools and Communities Act -- One fifth of one percent of the funds appropriated for Parts B and D of the Act is set aside for awards to "organizations primarily serving and representing Hawaiian natives which are recognized by the Governor of the State of Hawaii to plan, conduct, and administer programs, or portions thereof, which are authorized by and consistent with the provisions of [the Act] for the benefit of Hawaiian natives." Each year, the Governor has recognized the Kamehameha Schools/Bernice Pauahi Bishop Estate as the only organization eligible to receive the funds.

4. National Institute on Disability and Rehabilitation Research, Hearing Loss Assessments -- Funds are to be awarded for research and training for hearing loss assessments for Native Hawaiian children.

5. Education for Native Hawaiians (Public Law 100-297, Title IV) --

   - Native Hawaiian Model Curriculum Implementation Project. The Department awards funds to the Kamehameha Schools/Bernice Pauahi Bishop Estate to implement (in public schools) and evaulate an elementary school curriculum in language arts.

Supplemental Fact Sheet on Native Hawaiians -- Continued

- o Family-Based Education Centers. Grants are awarded to the Kamehameha Schools/Bernice Pauahi Bishop Estate and to Aha Punana Leo, Inc., for a minimum of 11 centers whose activities are to include parent-infant programs, preschool programs, research and development, and follow-up and assessment.

- o Higher Education Demonstration Program. Funds go to the Kamehameha Schools/Bernice Pauahi Bishop Estate for graduate and undergraduate fellowships for Native Hawaiian students and for related support services.

- o Gifted and Talented Demonstration Program. Funds go to the University of Hawaii at Hilo to establish a Native Hawaiian gifted and talented center and for demonstration projects for gifted and talented Native Hawaiian elementary and secondary school students.

- o Special Education Program. Funds go to the Hawaiian State Department of Education for special education projects for handicapped Native Hawaiian students.

		Budget Authority		
Program	Grantee	1988	1989	1990
Vocational Education	Alu Like, Inc.	$2,093,000	$2,162,000	$2,202,000
Library Programs	Alu Like, Inc.	601,000	612,000	605,000
Drug-Free Schools	Kamehameha Schools/Bernice P. Bishop Estate	445,000	695,000	731,000
NIDRR:				
Hearing Loss Assessments	Kamehameha Schools/ Bernice P. Bishop Estate	---	500,000	---
Education for Native Hawaiians:				
Model Curriculum	Kamehameha Schools/ Bernice P. Bishop Estate	---	395,000	494,000
Family-Based Centers	Kamehameha Schools/ Bernice P. Bishop Estate and Aha Punana Leo, Inc.	---	1,778,000	2,765,000

Supplemental Fact Sheet
on
Native Hawaiians — Continued

Program	Grantee	Budget Authority 1988	 1989	 1990
Higher Education	Kamehameha Schools/Bernice P. Bishop Estate	---	$1,482,000	$1,679,000
Gifted and Talented Education	University of Hawaii at Hilo	---	790,000	741,000
Special Education	State Department of Education, Hawaii	---	494,000	741,000
Total		$3,139,000	8,908,000	9,958,000

16. Secondary school basic skills demonstrations
(Elementary and Secondary Education Act of 1965, Title VI, Part B)

1991 Authorization: — 1/

Budget authority:

1990 Appropriation	1991 Request	Increase or Decrease
$4,938,000	—	$4,938,000

1/ The GEPA extension expires September 30, 1990. No reauthorizing legislation is proposed.

Purpose and Method of Operation

Under this program, the Secretary is authorized to make grants to local educational agencies (LEAs) with high concentrations of children from low-income families. The grants are to be used for projects that demonstrate successful approaches to improving the achievement of educationally disadvantaged children enrolled in secondary schools. The authorizing statute also requires the Secretary to evaluate the program. This is a current-funded program for which funds are available from October 1 through September 30. The level of funding is dependent upon the availability of appropriations.

Accomplishments

Funds were first made available for this program in the 1990 appropriation. The Department is designing a structured demonstration approach, in which one or two models for improving secondary school basic skill levels will be tested to determine their success. The results of these projects will be widely disseminated to school districts for use in improving basic skills achievement among disadvantaged secondary school students. Prior to holding the grants competition, the Department will publish a notice in the Federal Register asking for public comment on the proposed models for which the funds would be exclusively reserved. Implementation of the models would entail the use of random selection of students and the use of control groups. The Department expects to award project grants and a contract for the evaluation in time for projects to operate during the 1990-1991 school year.

1991 Budget Proposal

The Department requests no funds for this program, which is not authorized to operate in 1991. A major initiative involving $45 million for dropout prevention demonstrations is explained elsewhere. Secondary school students who lack basic skills will continue to be served in large numbers through the Chapter 1 LEA Grants program.

School Improvement Programs

16. Secondary school basic skills demonstrations

Impact Data	1989	1990	1991
Number of projects	---	19	---
Average project award	---	$250,000	---
Evaluation	---	$238,000	---

17. Educational partnerships
(Education and Training for a Competitive America Act of 1988, Title VI, Subtitle A, Chapter 5)

1991 Authorization: Indefinite

Budget Authority:

1990 Appropriation	1991 Request	Increase or Decrease
$3,703,000	$3,703,000	---

Purpose and Method of Operation

This program supports grants to eligible partnerships to encourage the creation of alliances between education and the private sector. Eligible partnerships are comprised of a local educational agency or an institution of higher education (or both) and one or more other organizations such as business concerns, community organizations, libraries, museums, educational television and radio stations, and appropriate State agencies. Funds awarded to eligible partnerships may be used for a variety of activities in elementary and secondary schools or in institutions of higher education, including projects to bring community and private sector resources to bear on educational needs, projects that serve educationally disadvantaged children and gifted and talented students, and projects to make students more aware of careers through contact with people pursuing them. Partnerships may also conduct statewide activities, including the development of model State statutes for the support of cooperative arrangements between education and the private sector, provide training designed to facilitate cooperative arrangements, and carry out academic internship programs.

Projects may be funded for up to four years, and the Federal share of the costs of a project declines each year, from a high of 90 percent in the first year to a low of 33-1/3 percent in the fourth year.

This is a current-funded program for which funds are available from October 1 through September 30. The level of funding is dependent upon the availability of appropriations.

Accomplishments

In 1990, the first year for which funds have been appropriated for this program, a competition will be held to select grantees for multi-year projects.

1991 Budget Proposal

In fiscal year 1991, $3,703,000 is requested, the same as the 1990 appropriation. The Federal share of support for projects first funded in 1990 declines to 75 percent in 1991. At level funding in 1991, these projects will be continued and about five new projects will be funded.

School Improvement Programs

17. Educational Partnerships

Impact Data	1989	1990	1991
Number of new awards	---	30	5
Average new award	---	$123,000	$125,000
Number of continuation awards	---	---	30
Average continuation awards	---	---	$103,000

School Improvement Programs

State Block Grants 1/

State or Outlying Area	1989 Appro. for 1990	1990 Appro. for 1991	1991 Request for 1992
TOTAL	$462,977,000	$455,717,000	$474,405,000
Alabama	$7,968,929	$7,804,933	$8,125,152
Alaska	2,295,857	2,261,509	2,354,293
Arizona	6,126,963	6,232,511	6,488,217
Arkansas	4,604,917	4,536,201	4,722,311
California	48,472,806	48,716,507	50,715,237
Colorado	5,865,210	5,765,549	6,002,097
Connecticut	5,264,147	5,117,520	5,327,481
Delaware	2,295,857	2,261,509	2,354,293
Florida	18,342,110	18,545,056	19,305,917
Georgia	12,205,453	12,198,187	12,698,651
Hawaii	2,295,857	2,261,509	2,354,293
Idaho	2,295,857	2,261,509	2,354,293
Illinois	21,075,976	20,431,963	21,270,240
Indiana	10,470,126	10,225,511	10,645,041
Iowa	5,196,285	4,974,573	5,178,668
Kansas	4,440,109	4,402,783	4,583,419
Kentucky	7,154,586	6,947,248	7,232,278
Louisiana	9,015,942	8,815,096	9,176,759
Maine	2,295,857	2,261,509	2,354,293
Maryland	7,678,093	7,623,867	7,936,657
Massachusetts	9,180,750	8,900,864	9,266,047
Michigan	17,401,738	16,934,514	17,629,299
Minnesota	7,639,314	7,576,217	7,887,053
Mississippi	5,622,846	5,489,184	5,714,393
Missouri	9,112,888	8,986,633	9,355,334
Montana	2,295,857	2,261,509	2,354,293
Nebraska	2,927,758	2,878,010	2,996,088
Nevada	2,295,857	2,261,509	2,354,293
New Hampshire	2,295,857	2,261,509	2,354,293
New Jersey	12,777,432	12,417,373	12,926,830
New Mexico	3,024,703	3,001,897	3,125,059
New York	30,179,170	29,370,946	30,575,970
North Carolina	11,526,834	11,340,502	11,805,777
North Dakota	2,295,857	2,261,509	2,354,293
Ohio	19,999,880	19,545,688	20,347,604

School Improvement Programs

State Block Grants1/

State or Outlying Area	1989 Appro. for 1990	1990 Appro. for 1991	1991 Request for 1992
Oklahoma	$6,156,046	$6,041,914	$6,289,800
Oregon	4,808,502	4,726,797	4,920,727
Pennsylvania	20,048,353	19,612,397	20,417,049
Rhode Island	2,295,857	2,261,509	2,354,293
South Carolina	6,640,775	6,556,525	6,825,525
South Dakota	2,295,857	2,261,509	2,354,293
Tennessee	8,948,080	8,757,917	9,117,234
Texas	33,756,463	33,335,356	34,703,032
Utah	4,314,080	4,317,014	4,494,132
Vermont	2,295,857	2,261,509	2,354,293
Virginia	10,062,955	9,911,027	10,317,654
Washington	8,017,402	8,033,649	8,363,252
West Virginia	3,616,071	3,468,859	3,611,179
Wisconsin	8,851,135	8,710,268	9,067,630
Wyoming	2,295,857	2,261,509	2,354,293
District of Columbia	2,295,857	2,261,509	2,354,293
Puerto Rico	8,534,578	8,389,560	8,733,765
American Samoa	447,545	448,815	466,041
Guam	1,266,135	1,269,726	1,318,460
Northern Marianas	224,828	225,465	234,119
Federated States of Micronesia	---	---	---
Marshall Islands	400,000	---	---
Republic of Palau	181,054	181,567	188,536
Virgin Islands	1,286,035	1,289,685	1,339,184

1/ Up to 1 percent of the total appropriation for Chapter 2 is reserved for the Outlying Areas. An additional amount of up to 6 percent is authorized for National Programs. The remainder is distributed to the 50 States, the District of Columbia, and Puerto Rico on the basis of the 5- to 17-year-old population. No State receives less than 0.5 percent of the remainder. For 1989, 0.7 percent of the total appropriation for Chapter 2 was reserved for the Outlying Areas of American Samoa, Guam, the Northern Mariana Islands, the Republic of Palau, and the Virgin Islands. An additional amount of $400,000 was reserved for the Federated States of Micronesia under its Compact of Free Association. The Marshall Islands, under its Compact of Free Association, elected not to participate in this program in 1989. Beginning in 1990, 0.7 percent of the total appropriation for Chapter 2 will be allocated to the Outlying Areas. Under their Compacts of Free Association, the Federated States of Micronesia and the Marshall Islands no longer participate in Department of Education programs.

School Improvement Programs

Drug-Free Schools and Communities
State Grants

State or Outlying Area	1989 Appro. 1/ for 1990	1990 Appro. 2/3/ for 1991	1991 Request 2/ for 1992
TOTAL	$287,730,000	$462,569,000	$487,619,000
Alabama	$4,933,252	$8,193,661	$8,690,969
Alaska	1,421,275	2,192,229	2,379,367
Arizona	3,792,962	6,130,696	6,392,963
Arkansas	2,850,723	4,726,081	5,003,322
California	30,007,614	48,745,252	51,065,016
Colorado	3,630,921	5,590,433	5,806,573
Connecticut	3,258,827	5,142,118	5,392,860
Delaware	1,421,275	2,199,000	2,381,908
Florida	11,354,881	18,848,783	19,827,631
Georgia	7,555,917	12,459,548	13,123,539
Hawaii	1,421,275	2,265,862	2,407,007
Idaho	1,421,275	2,287,868	2,415,267
Illinois	13,047,310	20,827,618	21,926,025
Indiana	6,481,644	9,870,348	10,239,104
Iowa	3,216,816	4,862,432	5,061,663
Kansas	2,748,697	4,239,894	4,395,409
Kentucky	4,429,124	7,211,512	7,627,430
Louisiana	5,581,416	9,227,821	9,780,888
Maine	1,421,275	2,285,328	2,414,314
Maryland	4,753,206	7,715,580	8,107,141
Massachusetts	5,683,442	9,258,995	9,798,271
Michigan	10,772,733	17,230,084	18,129,886
Minnesota	4,729,200	7,353,612	7,640,089
Mississippi	3,480,883	6,052,488	6,497,083
Missouri	5,641,431	8,870,631	9,258,870
Montana	1,421,275	2,232,008	2,394,299
Nebraska	1,812,460	2,811,683	2,926,474
Nevada	1,421,275	2,255,705	2,403,194
New Hampshire	1,421,275	2,263,323	2,406,053
New Jersey	7,910,007	12,952,021	13,715,810
New Mexico	1,872,475	3,126,183	3,309,204
New York	18,682,740	32,632,407	35,092,234
North Carolina	7,135,810	11,384,112	11,936,197
North Dakota	1,421,275	2,209,157	2,385,721
Ohio	12,381,141	19,191,519	20,002,605

School Improvement Programs

Drug-Free Schools and Communities State Grants

State or Outlying Area	1989 Appro. 1/ for 1990	1990 Appro. 2/3/ for 1991	1991 Request 2/ for 1992
Oklahoma	$3,810,967	$5,879,970	$6,113,529
Oregon	2,976,755	4,627,222	4,818,812
Pennsylvania	12,411,149	20,218,083	21,346,331
Rhode Island	1,421,275	2,236,239	2,395,887
South Carolina	4,111,043	6,721,232	7,086,053
South Dakota	1,421,275	2,216,773	2,388,580
Tennessee	5,539,405	8,986,183	9,476,194
Texas	20,897,302	33,188,526	34,721,411
Utah	2,670,678	3,965,776	4,055,607
Vermont	1,421,275	2,185,458	2,376,825
Virginia	6,229,580	9,907,412	10,376,256
Washington	4,963,259	7,715,325	7,992,184
West Virginia	2,238,568	3,635,955	3,855,124
Wisconsin	5,479,390	8,526,613	8,879,615
Wyoming	1,421,275	2,185,458	2,376,825
District of Columbia	1,421,275	2,176,994	2,373,648
Puerto Rico	5,283,422	9,767,949	10,616,733
American Samoa	456,666	470,706	530,258
Guam	1,291,937	1,331,659	1,500,134
Northern Marianas	229,409	236,463	266,379
Republic of Palau	184,743	190,424	214,515
Virgin Islands	1,312,245	1,352,588	1,523,714

1/ Of the total appropriation for Title V of the Elementary and Secondary Education Act, except for Part C, 17.2 percent was reserved for National programs under Part D and 1 percent was reserved for the Outlying Areas. The remainder was distributed to the 50 States, the District of Columbia, and Puerto Rico on the basis of the 5- to 17-year-old population. No State received less than 0.5 percent of the remainder.

School Improvement Programs

Drug-Free Schools and Communities State Grants

2/ Of the total appropriation for Title V of the Elementary and Secondary Education Act, except for Part C and Sections 5136, 5137, and 5146 of Part D, 1 percent is reserved for the Outlying Areas; 17.2 percent of the first $347,500,000 and 1.2 percent thereafter is reserved for National Programs under Part D; and the remainder is allocated to the 50 States, District of Columbia, and Puerto Rico. However, for 1990, appropriatons language earmarked funds for Part D in excess of this formula, and for 1991 the request would also earmark funds for Part D in excess of the formula. Of the amount available for the 50 States, District of Columbia, and Puerto Rico: (1) The first $284,255,000 is distributed on the basis of the 5- to 17-year-old population, with no State receiving less than 0.5 percent this amount; (2) the next $14,700,000 is distributed on the same basis with no State minimum; and (3) all additional funds are distributed half on the basis of the 5- to 17-year-old population and half on the basis of funds received for the preceding year under Part A of Chapter 1 of Title I of the Elementary and Secondary Education Act, with no State receiving less than 0.5 percent of this additional amount.

3/ Includes $24,688,000 for emergency grants allocated to the States and Outlying Areas on the basis of the age 5- to 17-year-old population.

School Improvements Program

Eisenhower
Mathematics and Science Education
State Grants 1/

State or Outlying Area	1989 Appro. 2/ for 1990	1990 Appro. for 1991	1991 Request for 1992
TOTAL	$128,440,000	$126,837,000	$220,800,000
Alabama	2,260,817	2,385,659	4,216,248
Alaska	635,333	627,404	1,092,500
Arizona	1,498,965	1,534,847	2,690,793
Arkansas	1,385,543	1,354,166	2,389,065
California	13,446,283	12,737,646	22,015,175
Colorado	1,407,248	1,359,950	2,357,517
Connecticut	1,413,432	1,357,427	2,366,968
Delaware	635,333	627,404	1,092,500
Florida	5,312,959	5,111,800	9,059,168
Georgia	3,233,758	3,417,636	5,873,178
Hawaii	635,333	627,404	1,092,500
Idaho	635,333	627,404	1,092,500
Illinois	5,840,584	5,686,712	9,941,325
Indiana	2,502,399	2,502,399	4,076,413
Iowa	1,263,792	1,263,792	2,088,064
Kansas	1,073,183	1,032,555	1,720,794
Kentucky	2,033,734	2,050,090	3,611,790
Louisiana	2,704,830	2,670,797	4,705,218
Maine	635,333	627,404	1,092,500
Maryland	2,056,019	2,071,692	3,616,620
Massachusetts	2,816,078	2,644,151	4,626,059
Michigan	4,829,160	4,684,229	8,236,664
Minnesota	1,804,109	1,804,109	3,069,930
Mississippi	1,858,237	1,938,172	3,426,256
Missouri	2,192,038	2,240,754	3,960,495
Montana	635,333	627,404	1,092,500
Nebraska	693,712	693,712	1,196,630
Nevada	635,333	627,404	1,092,500
New Hampshire	635,333	627,404	1,092,500
New Jersey	3,711,936	3,720,244	6,519,210
New Mexico	852,613	894,909	1,558,009
New York	10,505,719	10,592,729	18,617,929
North Carolina	2,983,360	2,998,294	5,250,990
North Dakota	635,333	627,404	1,092,500
Ohio	4,859,018	4,794,167	8,437,444

School Improvements Program

Eisenhower Mathematics and Science Education State Grants [1]

State or Outlying Area	1989 Appro. [2] for 1990	1990 Appro. for 1991	1991 Request for 1992
Oklahoma	$1,460,351	$1,437,792	$2,503,760
Oregon	1,296,205	1,143,965	1,999,136
Pennsylvania	5,836,267	5,661,469	9,922,043
Rhode Island	635,333	627,404	1,092,500
South Carolina	1,810,414	1,858,734	3,249,643
South Dakota	635,333	627,404	1,092,500
Tennessee	2,437,979	2,490,230	4,391,189
Texas	9,124,695	8,566,502	14,954,387
Utah	961,581	961,581	1,407,956
Vermont	635,333	627,404	1,092,500
Virginia	2,528,749	2,582,885	4,583,644
Washington	1,980,228	1,861,346	3,131,985
West Virginia	1,033,777	1,055,199	1,806,089
Wisconsin	2,106,933	2,107,888	3,637,703
Wyoming	635,333	627,404	1,092,500
District of Columbia	635,333	627,404	1,092,500
Puerto Rico	3,055,313	3,426,935	5,989,513
American Samoa	90,237	89,111	151,127
Guam	255,287	252,101	427,548
Northern Marianas	45,331	44,766	75,920
Republic of Palau	36,505	36,050	61,138
Virgin Islands	259,300	256,062	434,267
Indian Schools	686,660	678,090	1,150,000

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[1] Section 2004 of Title II of P.L. 100-297 reserves up to 1 percent of the total appropriation for Outlying Areas and BIA schools and 4 percent for National Programs. The remainder is distributed to the 50 States, the District of Columbia, and Puerto Rico -- 50 percent on the basis of the age 5-17 population and 50 percent on the basis of each State's share of allocations under Part A of Chapter 1 of Title I of ESEA for the previous year. No State may receive less than 0.5 percent of the amount available to the States, or less than its 1988 allocation under Title II of the Education for Economic Security Act.

[2] Fifty percent of the allocation to States is based on age 5-17 population and 50 percent is based on each State's previous year's share of allocations under Chapter 1 of the Education Consolidation and Improvement Act.

School Improvement Programs

Education for Homeless Children and Youth -- Grants for State Activities 1/

State or Outlying Area	1989 Appro. for 1990	1990 Appro. for 1991	1991 Appro. for 1992
TOTAL	$4,834,000	$4,935,000	$5,000,000
Alabama	85,202	84,336	85,906
Alaska	50,000	50,000	50,000
Arizona	50,000	50,000	50,000
Arkansas	50,000	50,000	50,000
California	393,711	374,918	381,897
Colorado	50,000	50,000	50,000
Connecticut	50,000	50,000	50,000
Delaware	50,000	50,000	50,000
Florida	167,352	167,674	170,795
Georgia	113,880	107,656	109,660
Hawaii	50,000	50,000	50,000
Idaho	50,000	50,000	50,000
Illinois	189,675	186,827	190,305
Indiana	63,855	63,344	64,523
Iowa	50,000	50,000	50,000
Kansas	50,000	50,000	50,000
Kentucky	71,473	70,746	72,063
Louisiana	95,224	94,255	96,010
Maine	50,000	50,000	50,000
Maryland	68,022	67,330	68,583
Massachusetts	93,940	92,985	94,716
Michigan	156,098	156,317	159,227
Minnesota	50,000	50,000	50,000
Mississippi	76,961	76,179	77,597
Missouri	66,412	67,203	68,454
Montana	50,000	50,000	50,000
Nebraska	50,000	50,000	50,000
Nevada	50,000	50,000	50,000
New Hampshire	50,000	50,000	50,000
New Jersey	132,809	131,458	133,905
New Mexico	50,000	50,000	50,000
New York	430,211	425,837	433,764
North Carolina	94,973	94,007	95,757
North Dakota	50,000	50,000	50,000
Ohio	139,816	142,366	145,017

School Improvement Programs

Education for Homeless Children and Youth — Grants for State Activities 1/

State or Outlying Area	1989 Appro. for 1990	1990 Appro. for 1991	1991 Appro. for 1992
Oklahoma	$50,000	$50,000	$50,000
Oregon	50,000	50,000	50,000
Pennsylvania	197,956	198,333	202,025
Rhode Island	50,000	50,000	50,000
South Carolina	62,681	61,346	62,488
South Dakota	50,000	50,000	50,000
Tennessee	83,740	82,889	84,432
Texas	260,717	254,308	259,042
Utah	50,000	50,000	50,000
Vermont	50,000	50,000	50,000
Virginia	80,616	82,122	83,589
Washington	50,000	50,000	50,000
West Virginia	50,000	50,000	50,000
Wisconsin	61,178	59,573	64,592
Wyoming	50,000	50,000	50,000
District of Columbia	50,000	50,000	50,000
Puerto Rico	147,498	142,991	145,653
American Samoa	50,000	50,000	50,000
Guam	---	50,000	50,000
Northern Marianas	---	50,000	50,000
Republic of Palau	---	50,000	50,000
Virgin Islands	50,000	50,000	50,000

1/ Each State is allocated an amount that is proportionate to the amount allocated to the local educational agencies in the State under Section 1005 of the Elementary and Secondary Education Act of 1965, except that no State receives less than $50,000 in any fiscal year.

School Improvement Programs

Presidential Awards for Excellence in Education

State or Outlying Area	1989 Appropriation	1990 Appropriation	1991 Request
TOTAL	---	---	$7,400,000
Alabama	---	---	121,897
Alaska	---	---	19,682
Arizona	---	---	99,215
Arkansas	---	---	87,017
California	---	---	638,091
Colorado	---	---	98,528
Connecticut	---	---	111,406
Delaware	---	---	18,508
Florida	---	---	314,964
Georgia	---	---	188,018
Hawaii	---	---	24,947
Idaho	---	---	32,714
Illinois	---	---	329,797
Indiana	---	---	169,544
Iowa	---	---	94,850
Kansas	---	---	88,248
Kentucky	---	---	112,304
Louisiana	---	---	135,572
Maine	---	---	45,793
Maryland	---	---	128,342
Massachusetts	---	---	188,495
Michigan	---	---	250,562
Minnesota	---	---	134,151
Mississippi	---	---	85,615
Missouri	---	---	159,076
Montana	---	---	30,207
Nebraska	---	---	56,494
Nevada	---	---	27,298
New Hampshire	---	---	32,767
New Jersey	---	---	250,094
New Mexico	---	---	49,487
New York	---	---	542,272
North Carolina	---	---	194,347
North Dakota	---	---	24,260
Ohio	---	---	317,270

School Improvement Programs

Presidential Awards for Excellence in Education

State or Outlying Area	1989 Appropriation	1990 Appropriation	1991 Request
Oklahoma	---	---	$110,195
Oregon	---	---	78,912
Pennsylvania	---	---	327,544
Rhode Island	---	---	28,845
South Carolina	---	---	112,583
South Dakota	---	---	25,920
Tennessee	---	---	133,859
Texas	---	---	596,892
Utah	---	---	55,198
Vermont	---	---	21,502
Virginia	---	---	191,052
Washington	---	---	121,693
West Virginia	---	---	69,592
Wisconsin	---	---	152,323
Wyoming	---	---	21,003
District of Columbia	---	---	20,065
Puerto Rico	---	---	104,675
Guam	---	---	5,263
Virgin Islands	---	---	5,263
American Samoa	---	---	5,263
Republic of Palau	---	---	5,263
Northern Marianas	---	---	5,263

1/ The Secretary would reserve up to $200,000 of the total appropriation to cover the cost of an award ceremony and the printing of award certificates. The remaining funds would be distributed to the 50 States, the District of Columbia, Puerto Rico, and the Outlying Areas on the basis of the number of full-time equivalent public school teachers. No State or Outlying Area would receive less than $5,263.

THURSDAY, FEBRUARY 22, 1990.

EDUCATION FOR THE HANDICAPPED

WITNESSES

ROBERT R. DAVILA, ASSISTANT SECRETARY FOR SPECIAL EDUCATION AND REHABILITATIVE SERVICES

JUDY SCHRAG, DIRECTOR, OFFICE OF SPECIAL EDUCATION PROGRAMS, OFFICE OF SPECIAL EDUCATION AND REHABILITATIVE SERVICES

SALLY H. CHRISTENSEN, DIRECTOR, BUDGET SERVICE, OFFICE OF PLANNING, BUDGET AND EVALUATION

CAROL A. CICHOWSKI, DIRECTOR, DIVISION OF SPECIAL EDUCATION, REHABILITATION AND RESEARCH ANALYSIS, OFFICE OF PLANNING, BUDGET AND EVALUATION

OPENING STATEMENT

Mr. NATCHER. At this time we take up the budget request of the Education for the Handicapped, and we have before the committee, Dr. Robert Davila. Dr. Davila, it is a pleasure to have you back before the committee.

You have appeared before us on a number of occasions. We are always glad to have you together with your associates, and before giving us your statement, if you will, please, tell us who you have with you there at the table.

Dr. DAVILA. Thank you. I have with me on my left, Dr. Judy Schrag, who is Director of the Office of Special Education Programs; Ms. Carol Cichowski, who is the Director, Division of Special Education, Rehabilitation and Research Analysis, in the Office of Planning, Budget and Evaluation, and Ms. Sally Christensen, Budget Director from the same office.

Mr. NATCHER. Thank you very much.

Now, Dr. Davila, we will be pleased to hear from you.

Dr. DAVILA. Thank you.

[The information follows:]

DEPARTMENT OF EDUCATION

Statement by

Robert R. Davila
Assistant Secretary for
Special Education and Rehabilitative Services

on

Education for the Handicapped

Mr. Chairman and Members of the Committee:

I am pleased to appear before this committee to testify on the fiscal year 1991 budget for Education for the Handicapped. The budget reflects the Department's continuing priority on the education of children with disabilities.

The fiscal year 1991 budget of over $2.1 billion includes $1.96 billion for the three State Grants programs, an increase of $82 million over the 1990 appropriation. This increase would provide additional funding to assist States in educating the children with disabilities for whom they are responsible under the Education of the Handicapped Act and in developing their statewide programs of early intervention services for infants and toddlers with disabilities and their families. The budget also includes $181.9 million for Special Purpose Funds that support a wide variety of research, demonstration, training, and other activities directed at improving the quality of early intervention and educational services for children with disabilities.

Grants to States

The budget for the Grants to States program is $1.62 billion. This budget will assist States in serving approximately 4.4 million children with disabilities. The budget provides an increase of $73 million over the 1990 appropriation to assist States in expanding services to an estimated 44,000 additional children and to help cover increases in costs. The budget would provide a Federal share of $365 for each child served, an increase of $13 over the 1990 level. It would maintain the Federal share of the excess cost of educating handicapped children at about 7 percent.

Preschool Grants

The budget for the Preschool Grants program is $257.7 million, an increase of $6.2 million over the 1990 level. The budget increases the Federal share for each 3 through 5 year old child served from $662 to $726 for an anticipated 355,000 children. This represents an increase of 4,000 children over the number expected to be served for fiscal year 1990.

Grants for Infants and Families

The budget for the Grants for Infants and Families program is $82.7 million, an increase of about $3.2 million over the 1990 appropriation. The increase will assist States in meeting increases in costs as they continue to develop their statewide programs of early intervention services for handicapped infants and toddlers and their families.

Special Purpose Funds

Special Purpose Funds programs are authorized under the General Education Provisions Act extension through September 30, 1990. There is no current authorization for fiscal year 1991. As soon as reauthorizing legislation is enacted, a budget request totaling $181.9 million will be submitted to Congress for these programs. This is slightly greater than the amount appropriated in 1990. Amounts requested for specific activities will be determined at that time.

Thank you, Mr. Chairman and Members. I will be pleased to answer any questions you may have.

DEPARTMENT OF EDUCATION

Office of Special Education and Rehabilitative Services

Biographical Sketch

NAME : Robert R. Davila

POSITION : Assistant Secretary for Special Education and Rehabilitative Services

BIRTHPLACE AND DATE : San Diego, California, July 19, 1932

EDUCATION : Gallaudet University, 1953, B.A.
Hunter College, 1963, M.A.
Syracuse University, 1972, Ph.D.

EXPERIENCE

1989 - PRESENT : Assistant Secretary for Special Education and Rehabilitative Services

1978 - 1989 : Vice President for Pre-College Programs, Gallaudet University

1980 - 1989 : Professor of Education, Gallaudet University

1974 - 1980 : Associate Professor, (Part time), Department of Education, Gallaudet University

1974 - 1978 : Director, Kendall Demonstration Elementary School, Gallaudet University

1972 - 1974 : Instructor, Department of Education, Gallaudet University

1968 - 1970 : Supervisor, Elementary Department, New York School for the Deaf

1953 - 1968 : Teacher, New York School for the Deaf

HONORS AND AWARDS

Daniel T. Cloud Leadership Award, California State University, Northridge, 1988.

Inducted to Alumni Hall of Fame, Hunter College, 1988.

Inducted to National Hall of Fame for Persons with Disabilities, Columbus, Ohio, 1987.

Alumnus of the Year, School of Education, Syracuse University, Syracuse, New York, 1986.

"Ang Puso" Award, Southeast Asian Institute for the Deaf, Philippine Islands, for long time service to programs for the deaf in the Philippines, 1985.

Member of Honor (first foreigner and first deaf person ever inducted), La Asociacion Espanola de Educadores de Sordos (A.E.E.S., Spanish Association of Educators of the Deaf), Spain, 1985.

Elizabeth E. Jackson Leadership Award, Metropolitan Chapter, Gallaudet University Alumni Association, 1983.

Man of the Year Award, Delta Epsilon Sorority, 1982.

Distinguished Foreign Lecturer, Annual Conference of Australian Teachers of the Deaf, Melbourne, Victoria, Australia, 1979.

Past President's Award, Convention of American Instructors of the Deaf, 1978.

Fellowship for Doctoral Studies, Bureau of Education for the Handicapped, 1970.

Teacher of the Year, New York School for the Deaf, 1968.

Dr. DAVILA. Mr. Chairman and members of the committee, I am pleased to appear before this committee to testify on the fiscal year 1991 budget for Education for the Handicapped. The budget reflects the Department's continuing priority on the education of children with disabilities.

The fiscal year 1991 budget of over $2,100,000,000 includes $1,960,000,000 for the three State Grants Programs, an increase of $82,000,000 over the 1990 appropriation. This increase would provide additional funding to assist States in educating the children with disabilities for whom they are responsible under the Education of the Handicapped Act and in developing their statewide programs of early intervention services for infants and toddlers with disabilities and their families.

The budget also includes $181,900,000 for Special Purpose Funds that support a wide variety of research, demonstration, training, and other activities directed at improving the quality of early intervention and educational services for children with disabilities.

GRANTS TO STATES

The budget for the Grants to States Program is $1,620,000,000. This budget will assist States in serving approximately 4,400,000 children with disabilities. The budget provides an increase of $73,000,000 over the 1990 appropriation to assist States in expanding services to an estimated 44,000 additional children and to help cover increases in costs. The budget would provide a Federal share of $365 for each child served, an increase of $13 over the 1990 level. It would maintain the Federal share of the excess cost of educating handicapped children at about 7 percent.

PRESCHOOL GRANTS

The budget for the Preschool Grants program is $257,700,000, an increase of $6,200,000 over the 1990 level. The budget increases the Federal share for each 3 through 5-year-old served from $662 to $726 for an anticipated 355,000 children. This represents an increase of 4,000 children over the number expected to be served for fiscal year 1990.

GRANTS FOR INFANTS AND FAMILIES

The budget for the Grants for Infants and Families program is $82,700,000, an increase of about $3,200,000 over the 1990 appropriation. The increase will assist States in meeting increases in costs as they continue to develop their statewide programs of early intervention services for handicapped infants and toddlers and their families.

SPECIAL PURPOSE FUNDS

Special Purpose Funds programs are authorized under the General Education Provisions Act extension through September 30, 1990. There is no current authorization for fiscal year 1991. As soon as reauthorizing legislation is enacted, a budget request totaling $181,900,000 will be submitted to Congress for these programs. This is slightly greater than the amount appropriated in 1990. Amounts requested for specific activities will be determined at that time.

Thank you, Mr. Chairman and members of the committee. I will be pleased to answer any questions you may have.

INCREASE FOR STATE GRANT PROGRAMS

Mr. Natcher. Thank you, Dr. Davila.

The Secretary testified last week, as you know, that the budget for the Department of Education reflects the goal of targeting Federal dollars to help those most in need. Yet the budget request for Education for the Handicapped provides less than a 4 percent increase.

Why such a small increase for the handicapped?

Dr. Davila. Mr. Chairman, the budget increase for 1991 for Part B is $72,000,000 over the 1990 level. That will continue to serve appropriately 4,400,000 children, including 44,000 additional children.

We believe this is a sufficient amount to meet current needs inasmuch as our information is that all children who require special education are now being served. In the Section 619 preschool program, the increase we are requesting is 2.5 percent.

This will increase the Federal share per child from $662 to $726 for preschool children age 3 to 5. These children get support from two accounts, from Section 611 and also from Section 619, for a total Federal share of over $1,000 per child.

We think that is a sufficient amount inasmuch as we see every indication that the programs are being supported appropriately at the State level. For Part H, we are requesting an increase of 4 percent.

Funds for Part H are being used primarily to develop state-wide programs. We also feel confident that by the end of 1991 all the States will be making applications to maintain the programs beyond that point, so we feel that currently we are meeting needs.

We will be monitoring the programs carefully.

DROPOUT RATE

Mr. Natcher. During the last ten years Congress has appropriated almost $16,000,000,000 for handicapped education. Have we seen a decrease in the dropout rate or an increase in achievement levels of handicapped children as a result of this investment?

What would you say about that, Dr. Davila?

Dr. Davila. I share your concerns, as well as everyone else's with respect to the drop-out rates for all American children, but especially the drop-out rate within special education.

The information we have available is that the rate for children with disabilities, young people, leaving school or dropping out before they complete the programs is twice the rate of the general population. That is a big concern to us. We are already addressing the problem in a number of ways in the secondary and transition program.

We are presently supporting around 50 projects designed to reduce the problem by providing us with information and assistance in developing model projects designed to address these concerns. For example, we have grouped these 50 projects into three different areas. One group of projects will be addressing the development of model curriculum designs that are intended to engage a student and motivate him to stay in school.

The second group of projects that we are supporting is designed to develop school continuity through inter agency collaborations that will impact on the student while he is still in school.

Third, we are doing some research to find out why students are dropping out of school and will be using that information to develop strategies to reduce the problem. We are already working on that, but we share your concerns.

GENERAL ACCOUNTING OFFICE MANAGEMENT REPORT

Mr. NATCHER. In November 1989, the General Accounting Office issued a report regarding the management of the Office of Special Education and Rehabilitative Services. A summary of that report will be inserted in the record at this point.

[The information follows:]

GAO

United States
General Accounting Office
Washington, D.C. 20548

Human Resources Division

B-222989

November 28, 1989

The Honorable Major R. Owens
Chairman, Subcommittee on
Select Education
Committee on Education and Labor
House of Representatives

Dear Mr. Chairman:

In meetings with us, you and Subcommittee staff expressed concerns over the management of the Department of Education's Office of Special Education and Rehabilitative Services (OSERS) programs and activities. You later asked us to obtain the views of OSERS managers and senior staff regarding how well key management activities were being carried out within OSERS. We briefed you, the Subcommittee's Ranking Minority Member, and Subcommittee staff on February 8, 1989. After that briefing, we did some additional work in order to clarify and expand on our survey results. We testified on OSERS management issues before the Subcommittee on September 7, 1989.

This report summarizes and expands on our February briefing and recent testimony. Our findings are divided into five major areas: (1) goal setting, (2) performance management, (3) human resources management, (4) grants management, and (5) federal/state relationships.

Our work was limited to obtaining perceptions concerning OSERS management activities. In conducting our work, we did not look at these activities from a departmentwide perspective; consequently, we are making no recommendations to the Secretary at this time. However, we plan to initiate a comprehensive review of departmental management practices in fiscal year 1990. This review will expand on our discussion in Education Issues (GAO/OCG-89-18TR, Nov. 1988) on the need to establish a secretarial management system.

Background

In fiscal year 1989, the Congress appropriated $3.7 billion to the Department of Education for federal special education and rehabilitative services programs. These programs are administered through OSERS, whose primary mission is to award grants to help disabled persons gain employment, to assist states in providing handicapped children with a free appropriate public education, and to support rehabilitation research. Program activities are carried out by OSERS' three major components: the Rehabilitative Services Administration (RSA), the Office of

Special Education Programs (OSEP), and the National Institute on Disability and Rehabilitation Research (NIDRR). The Office of the Assistant Secretary for Special Education and Rehabilitative Services (OAS) provides overall guidance and direction to these components. (See p. 10.)

In August 1988, we mailed a questionnaire to 250 OSERS headquarters and field managers and senior staff to obtain their views on OSERS management. We received 187 completed questionnaires for an overall response rate of 75 percent. In addition, we conducted structured telephone interviews with state officials who implement programs receiving OSERS funding—state directors of vocational rehabilitation and state directors of special education. After analyzing the questionnaire results, we discussed our findings with component heads and selected division directors and branch managers to gain additional insights into OSERS management practices. (See p. 12.)

OSERS Goal Setting

More than 60 percent of the OSERS questionnaire respondents said that the Office of the Assistant Secretary had done a poor job of establishing OSERS-wide goals, coordinating activities among components, and responding to program concerns raised by senior officials, regional offices, and constituents. State officials had mixed views regarding the establishment of OSERS goals. Most state special education directors believed that the Assistant Secretary did a good job in choosing broad goals on which to concentrate OSERS efforts, but state rehabilitation directors were generally dissatisfied with this effort because, among other things, their input was excluded from this process.

Between March 1984 and November 1986, the former Assistant Secretary for Special Education and Rehabilitative Services[1] established several broad areas upon which to concentrate OSERS activities—
(1) transition from school to work for students with disabilities,
(2) supported employment for adults with severe disabilities, and
(3) education of students with learning disabilities. The former Assistant Secretary informally monitored OSERS' progress in achieving these goals principally through discussions at weekly staff meetings and by tracking the timeliness of component actions in completing various tasks.

During our OSERS work, we identified management deficiencies similar to the departmentwide weaknesses on which we reported in our November

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[1] Madeleine Will served as Assistant Secretary from July 1983 through May 1989.

1988 report. Specifically, despite efforts by the Office of the Assistant Secretary to establish broad goals and track progress in meeting these goals, OSERS lacked (1) a goal-setting process that incorporated input from each OSERS component, and (2) a formal tracking system to monitor implementation of key goals and objectives. In commenting on the development of the broad goals established by the former Assistant Secretary, the majority of OSERS managers and senior staff said the Office of the Assistant Secretary generally did a poor job in terms of involving appropriate component staff in the goal-setting process, making timely decisions, and considering alternatives. (See p. 17.)

Management of OSERS' Components

The performance of OSERS components is difficult to measure because these components do not develop componentwide strategic plans[2] with specific goals and objectives. Instead, components generally develop what we would characterize as operational plans[3] which are consistent with the broad goals established by the former Assistant Secretary, but which lack clear program objectives that can be subsequently measured to determine whether planned objectives are achieved. Only RSA had developed strategic program plans with specific goals and measurable objectives in fiscal years 1986-88, but such a plan was not developed for fiscal year 1989 because of leadership and staffing changes within RSA. (See p. 20.)

Unit Level Operational Planning

One hundred and nine of our questionnaire respondents at the organizational unit level (divisions and branches within OSERS components) were aware that their units had operating plans, of which 79 percent believed the plans helped them to better execute their day-to-day activities. However, many of these respondents cited barriers to successful implementation of unit level plans, such as insufficient staff to carry out important functions and inadequate authority to make needed decisions. Eighty-one percent of the questionnaire respondents stated that many of OSERS' operational practices had negatively affected their ability to properly manage their day-to-day activities. One example cited frequently was the former Assistant Secretary's direct involvement in approving travel for component personnel. (See p. 24.)

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[2] Strategic plans are plans developed to (a) analyze organizational environment, (b) assess organizational strengths and weaknesses, (c) consider alternatives, (d) establish clear objectives, (e) assign responsibility, (f) link planning efforts, and (g) establish feedback mechanisms.

[3] Operational plans are annual plans prepared in support of anticipated budget expenditures.

Human Resources Management

Respondents identified a variety of human resource management problems within their components. For example, more than 75 percent of the respondents indicated that staff vacancies, staff in acting management positions, and the lack of appropriate training courses and/or access to training were problems.

With respect to filling vacancies, 55 percent of questionnaire respondents said their components seldom could fill critical vacancies when they occur. Respondents also indicated that employee turnover had decreased the number of qualified staff in their units, decreased OSERS efficiency and effectiveness, and greatly decreased employee morale. In addition to OSERS managers, many state directors for rehabilitative services (37) and state directors for special education (31) told us that vacant OSERS managerial positions and persons functioning in acting capacities were having a negative effect upon state programs because, among other things, program decisions were being postponed.

In following up on these concerns, we found some progress being made in filling vacancies. As of February 1988, 21 of 56 key OSERS positions (such as component heads, division directors, and branch managers) were vacant or being filled on an acting basis because of (a) various personnel procedures, such as the inability to pay relocation expenses for new hires, (b) limited promotion potential, and (c) uncooperative OSERS administrative staff. As of February 1989, 14 of 56 key positions remained vacant or filled with acting managers.

Inadequately trained staff was cited repeatedly as a problem by both OSERS employees and state officials. Yet, only 15 percent of the respondents said that Department-sponsored internal training and development programs were effective in improving the performance of participating employees. Respondents believed training was ineffective because training courses offered to OSERS headquarters staff through the Department's Horace Mann Learning Center in Washington, D.C., included managerial and administrative courses only; the center does not offer training in specialized subject matter. OSERS' regional staff told us they could not attend management courses at the center because funds were unavailable to pay their travel costs or per diem expenses. In addition, OSERS officials told us that travel funding to attend out-of-town seminars and training conferences was difficult to obtain because of budget restrictions. (See p. 28.)

Grants Management

Virtually all (95 percent) of OSERS' $3.7 billion fiscal year 1989 budget is devoted to the award and administration of discretionary and formula grants.[4] However, 58 of 119 questionnaire respondents with grant responsibilities identified inadequate OSERS evaluation and monitoring of grantee performance as serious problems in both discretionary and formula grants. (See p. 33.)

Discretionary Grants

OSERS awarded 2,366 discretionary grants totaling $338 million during fiscal year 1988.[5] However, only 5 percent of the discretionary grant recipients received an on-site monitoring visit by OSERS officials during the year. Telephone discussions with grantees were the most common monitoring method. Many respondents told us that telephone monitoring is used in place of site visits because of limited travel budgets. However, the disadvantage to relying on telephone monitoring is the lack of on-site verification of grantee performance. (See p. 35.)

Formula Grants

In regard to the $3.3 billion in formula grants that OSERS administers, 57 percent of the questionnaire respondents with formula grant responsibilities believed monitoring of these grants was inadequate. This problem seemed to be most prevalent in the Office of Special Education Programs, which administers the Education of the Handicapped Act program.

Grantee data (provided to us by OSERS officials) show that formula grants awarded to 13 of 51 state education agencies were not evaluated by OSERS personnel during fiscal years 1985 through 1988. Insufficient travel funds and staff vacancies were cited by respondents as the primary causes of this problem.

When monitoring visits were made, formal monitoring feedback was delayed for long periods. In fact, 22 state special education directors said it sometimes took 18 months or longer to receive a final monitoring report from OSERS. (See p. 38.)

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[4] OSERS discretionary grants are distributed competitively based on proposals submitted by prospective grantees. OSERS formula grants are distributed to states based on statutory provisions that require allocations to be made on the basis of certain criteria, such as the number of handicapped children in each state who are receiving special education and related services.

[5] Data unavailable for fiscal year 1989.

Federal/State Relationships

State special education and vocational rehabilitation directors identified several problems regarding their states' relationship with OSERS. For example, as discussed previously, most special education directors were concerned about the level of program monitoring carried out by the Office of Special Education Programs. Vocational rehabilitation directors were critical of OSERS program direction, policy guidance, and RSA's technical assistance.

Most state vocational rehabilitation directors viewed the Office of the Assistant Secretary and RSA's central office as lacking commitment and support for rehabilitation programs. In fact, 80 percent of the state vocational rehabilitation directors stated that the partnership between their state agencies and RSA headquarters officials has deteriorated or ceased to exist in the last few years.

Written federal policy guidance provided to the states by OSEP and RSA was generally characterized as moderately useful but untimely. Of the 51 state special education directors, 33 told us that the written policy guidance received from OSEP was untimely. Similarly, 43 of 51 state vocational rehabilitation directors said RSA's policy guidance was untimely.

Both state vocational rehabilitation and special education directors were critical of OSERS technical assistance efforts. Many state vocational rehabilitation directors also said that on-site technical assistance provided by RSA staff was ineffective. Although requests for technical assistance continued to be made, OAS frequently denied such requests, primarily because of insufficient travel funds. In regard to OSEP, it was OSERS policy for headquarters personnel to limit technical assistance to sending copies of pertinent information to state officials. On-site technical assistance was supposed to be provided by the Department's regional resource centers. (See p. 41.)

Agency Comments

By letter dated September 5, 1989, the Department of Education said it generally agreed with our findings and discussed its planned actions to address the management concerns we identified. (See app. VI.)

As arranged with your office, we are sending copies of this report to the Secretary of Education, the Office of Management and Budget, and other interested parties. Please call me on (202) 275-5365 if you or your staff have any questions about this report. Other major contributors are listed in appendix VII.

Sincerely yours,

William J. Gainer

William J. Gainer
Director, Education and
Employment Issues

Mr. NATCHER. That report, as you know, identified a number of problem areas. Tell us, if you will, what is being done to address these problems.

Dr. DAVILA. The report identified a number of problems, all of which we are presently addressing. I would like to review them for you briefly. One area of concern related to management practices was that there was a lot of micromanagement occurring, and a lot of authority was centralized within the Assistant Secretary's Office. I have brought to my work, along with my colleagues, a more participatory approach to managing the programs. I do not believe that it is a continual problem now.

Second, the report suggested that the staff had not been involved sufficiently in providing input to priority setting. We have just recently entered the final stages of development of our goals and priorities, and we have taken express care to include the staff, so I believe that we are extending the opportunity for input to everyone. Additionally, we have invited input from external constituents as well; people with disabilities, advocates, parents, and professional organizations.

A third area of concern, related to human resources management, was that there were a number of key administrative positions vacant. There were a number of other staff positions that were vacant. We are making good progress in filling those positions.

Another area—related to monitoring of Public Law 94-142 in the States—was the concern that there was a huge backlog of reports. There are important changes we want to make within the monitoring process so we can make it more effective and more responsive to our responsibilities to monitor.

Lastly, there were some views shared that we needed to develop more collaborative and more positive relationships with our constituents with whom we must work together in order to serve young people with disabilities. We have spent a lot of time making that kind of contact, so I believe we have made progress.

FEDERAL SHARE OF EXCESS COST

Mr. NATCHER. The Federal Government currently contributes 7 percent of the excess cost of educating a handicapped child, although the law authorizes contributions up to 40 percent. Would increasing the Federal appropriations result in additional services to handicapped children, or would it simply allow State and local governments to reduce their contribution?

Dr. DAVILA. I think if we saw a very large Federal increase in our appropriation that it might serve as a disincentive to the States to continue to increase their own share.

Mr. NATCHER. When you get the transcript back, go into detail a little more about it. It will help us now when we reach the point of marking up the bill. Go into detail a little bit more about that, and we would appreciate it.

[The information follows:]

INCREASING THE FEDERAL APPROPRIATION FOR GRANTS TO STATES

Mr. NATCHER. Would increasing the Federal appropriations result in additional services to handicapped children or would it simply allow State and local governments to reduce their contribution?

Dr. DAVILA. The effect of increasing the Federal appropriation for the Grants to States program would depend upon the size of the increase. If a modest increase occurred, or if increases were gradual, it is likely that States and localities would use the increased Federal funds to expand or improve services for handicapped children. However, if there were a very substantial increase, it is likely that this increase would be used for costs that otherwise would have been borne by States or localities. Should the Federal share of the costs of educating handicapped children approach the authorized 40 percent of the average per pupil expenditure, it is inevitable that this significantly increased Federal contribution would displace a substantial portion of the funds provided by States and localities. In general, increases in Federal expenditures would reduce the need for State and local funds.

NEEDS OF CHILDREN

Mr. NATCHER. Mr. Conte, I yield to you.

Mr. CONTE. Thank you, Mr. Chairman. Dr. Davila, it is good to have you here today. I've reviewed your résumé and recognize what a unique set of skills and experiences you bring now to your new job.

It reminds me of the Judy Collins song titled, "I've Seen Life on Both Sides Now," and that is the case with you. You have seen all sides of the special education world, and I know you bring a tremendous amount of talent to your position.

What have you learned from your experience on both sides that will help your new post?

Dr. DAVILA. That is a good question. Life goes so fast, I have not had a lot of opportunity to sit back and reflect on the answer to that question. I believe that the special needs of children for whom I am responsible in this present position might be at risk within the context of all of education.

I believe that children are children. Some have special needs, but by and large we have the same ultimate goal to guide us, and that is helping young people to develop skills and abilities that will make them productive citizens. Guided by this conviction, my goals reflect that philosophy.

LONGITUDINAL STUDY FINDINGS

Mr. CONTE. It has been 12 years since the Education for the Handicapped Act was passed. Some children who started school with the program are now finishing school. How successful has it really been in providing a free and appropriate education in the least restrictive environment for each handicapped child? What does the longitudinal study of the Department show?

Dr. DAVILA. I believe that since Public Law 94-142 was enacted, that we have made tremendous progress in making a free appropriate public education available for every disabled child. But in recent years we have started to move past step one to step two, and that is to improve the quality of the services we are providing.

We continue to examine what we are doing. We assume a free appropriate public education is now the right of every child, and it is. Now we have to address the question of quality. A longitudinal study is being done, and it reflects some concerns that although we have made some progress, we still have some way to go. I will ask

Dr. Schrag to outline some of the initial findings of that study for you.

Dr. SCHRAG. Yes, Mr. Conte. The national longitudinal study sampled 8,000 students ages 13 to 23 and has found some interesting information about what is happening to our special education students at the secondary level.

For example, we are finding that 54 percent of our L.D. students or learning disabled students in regular schools were in at least one regular education course. This compares to a much lower figure for some of the more severely handicapped kids. The study also looked at how well students with disabilities are doing in school. Data show that of all categories of special education students studied, one in three of those students is failing in one or more classes. This tells us that there is more work to be done to help adapt the secondary curriculum so that these courses meet the individual needs of students.

This figure is higher for certain groups. For example, we find that 45 percent of the students that are emotionally disturbed are failing one or more classes.

We also found that male youth with disabilities who have exited school are more likely to be employed than females. We found that 66 percent of the males had been employed for pay during the year compared to 49 percent of the females. We also found that males were paid $4 an hour compared with $3.30 for females, so there is some difference there.

Going back to students in the high school, we found that special education students in grades nine and ten were more likely to receive a failing grade than students in grades seven and eight or eleven and twelve.

We continue to be concerned with data from this longitudinal study. We know that our handicapped students or students with disabilities are still dropping out at the rate of 2 to 1. We know that large numbers are still failing one or more classes, and we know that they are not transitioning well from high school to the world of work. We are continuing to work with the States to develop better secondary programs and better linkages between vocational education, vocational rehabilitation, developmental disabilities, special education, and of course, general education.

DESCRIPTIVE VIDEO SERVICES

Mr. CONTE. Last fall the conference committee agreed that the Secretary could use up to $1,000,000 for the development of descriptive video services for the blind.

What has the Department's study of the commercial viability of this technology found?

Dr. DAVILA. A number of studies have been completed. We currently have two studies underway. One is at the Smith-Kettlewell Institute that is doing a comparative study of the processes for descriptive video. The second study by the COSMOS Corporation is evaluating the commercial feasibility of descriptive video. We expect to give a report this spring, and we will be submitting it to Congress.

SECONDARY AND TRANSITIONAL SERVICES

Mr. CONTE. A large number of students who have received services as a result of the Education for the Handicapped Act either drop out of school, can't get jobs or don't seek additional training after high school. About 43 percent of all the handicapped children leaving school in 1985 through 1987 did not graduate from high school.

What is in your budget to address the needs of these students?

Dr. DAVILA. As I mentioned a while ago, we are already providing a lot of support in the area of completion of school. We are funding over 50 projects to study young people leaving school before they complete the program, and we will use the information we have derived from those studies to try to prevent this tragedy, to reduce the possibility of this happening.

The information we have is that the dropout rate for young people with disabilities is twice the rate of the general population and is a continuing concern. What we need here is to promote better transition services by getting cooperation going in the school sector and in the community so we can address the question of support for our young people.

Mr. CONTE. Thank you, Mr. Chairman.

Mr. NATCHER. Mr. Stokes, I yield to you.

DEVELOPMENT OF NEW TECHNOLOGY

Mr. STOKES. Thank you, Mr. Chairman. Dr. Davila, in last year's House appropriations report, the Committee requested that the Department not spend any funds to continue the subsidy of decoders for the hearing impaired because the technology is now fully developed.

The report indicated that funds should be used instead for the development of new technologies for the same population. Can you tell us what types of projects you expect to support with the fiscal year 1991 appropriation?

Dr. DAVILA. I am sorry, but I don't believe I have that information with me.

Dr. SCHRAG. Mr. Stokes, one of the areas that we just spoke about was the study of descriptive video, and we expect the information from the two studies to help us get a better feel for the feasibility of that approach. We also have a number of technology awards to look at some of the other innovations for the hearing impaired and the visually impaired.

Mr. STOKES. All right. You can feel free to further expand upon this in the record, if you will, please.

[The information follows:]

TECHNOLOGY FOR HEARING AND VISUALLY IMPAIRED PERSONS

The Office of Special Education Programs is funding a number of projects that should result in the development of new technologies for people with visual and hearing disabilities. These include a contract titled, "Examining Advanced Technologies for Benefits to Persons with Sensory Impairments," which will identify advanced and emerging technologies with the potential for affecting access of individuals with sensory impairments to media and communications. Another contract titled, "Identifying Emerging Issues and Trends for Technology in Special Education," will match new technologies, including telecommunications, to the needs of children with sensory/perceptual, physical/motor, cognitive, and affective impairments. In addition, the Department will support a number of awards to small businesses to study such areas as automatic speech recognition and adaptive computer software.

SPECIAL PURPOSE FUNDS REQUEST

Mr. **Stokes**. Now, you have not put forward specific dollar amounts for individual Special Purpose Funds programs for fiscal year 1991 at this time, and I presume it is because reauthorizing legislation is pending.

However, the total that you are requesting for all the programs is the same as the fiscal year 1990 appropriation with no adjustment for inflation.

Can you tell us why you did not request at least an increase for inflation and tell us whether you are expecting that some of the programs within the special fund account will not be reauthorized.

Dr. **Davila**. We are waiting to learn just what additional activities will be included by the Congress, and then we will be making recommendations for reallocation of funds within that program.

We don't have that computed yet.

Ms. **Cichowski**. Mr. Stokes, in all of these discretionary programs the funds are used for competitive grants. It is generally not the Department's practice to request an inflationary increase in discretionary programs where there will be money for new awards due to turnover in the grants. We also have the flexibility to provide an inflationary increase for a continuation award if that is appropriate.

But there is enough flexibility in these kinds of programs to make new awards without having to be concerned about providing additional resources for inflation. It is a general policy of the Department to provide inflationary increases in the direct service programs such as the three formula grant programs in this account.

Mr. **Stokes**. I see.

DRUG EXPOSED CHILDREN

Now, your justification indicates that the number of learning disabled children age six to 21 increased by 55,356, less than a one percent increase.

I am wondering, might we soon be seeing this number increase as children who are the victims of parental drug use reach school age?

Dr. **Schrag**. Your question asks, Mr. Stokes, if we will expect to see more students in the area of learning disabilities as children with drugs and other conditions reach school age?

Mr. **Stokes**. Particularly these children who are the victims of parental drug abuse. I would think that this is an area which we might be seeing additional children coming into schools with disabilities.

Dr. **Davila**. Mr. Stokes, we are concerned about the potential increase in the number of children, especially those children with drug problems. For example, we are currently funding five demonstrations and outreach programs that are developing and disseminating models for school children who have been exposed to drugs before birth.

In 1991, we intend to support projects that will continue to address this concern, and also in 1991, we will be establishing an early childhood research institute that will develop a field test for substance abuse in families.

In 1992, we will include projects that will provide opportunities for developing our model programs for children aged three to five. So we are concerned about it.

Mr. STOKES. With regard to these programs that you have made reference to or others within the Department, is some thought being given to how the crack epidemic may affect your programs, particularly those related to infants and families?

Dr. DAVILA. Yes, I believe that some of the activities that we are now doing are also designed to give us the information that would give us some indication of the extent of the problem. So that is in development also.

Dr. SCHRAG. I would like to add to that.

Mr. STOKES. Sure, Dr. Schrag.

Dr. SCHRAG. We have looked at a couple of surveys regarding the extent of the increase in this population.

One is a 1989 survey conducted for the Select Committee on Children, Youth and Families. They looked at 18 major hospitals and found that 15 hospitals reported that the number of drug exposed births is three to four time that of 1985.

There isn't good longitudinal data yet to tell us exactly what these children will look like and what kind of differential treatments we should have. We know that the impact of the drugs that these children are being exposed to varies.

There are at least three effects. One is the addictive effect. Some studies are showing that these children appear to grow slowly and then more normally later on. There is also the toxic effect of some drugs that shows direct damage to the child. Finally, then there is the teratogenic effect which, in fact, impacts the endocrine system, the genital-urinary system, and the central nerous system. Symptoms may not appear until later childhood or adolescence.

We also note that there are some university-affiliated programs across the United States that are doing some good research on the effects of drugs on children and the differential treatment needed. It is our intention to pay close attention to this information so that we can direct supportive efforts and provide leadership in helping the States diagnose these children carefully and provide important differential treatment.

DRUG-EXPOSED CHILDREN

Ms. CHRISTENSEN. Mr. Stokes, we also say that in the future as we identify these additional numbers, whatever they turn out to be, that they will certainly be reflected in our future budget requests under the Part B program or even Preschool.

Mr. STOKES. I appreciate that because I would think you cannot have an epidemic of this sort in our society—which has been acknowledged as such by the President of the United States—without it having an acute affect in this particular area. You would have to be looking at the long range aspects of it.

Ms. CHRISTENSEN. We will certainly keep that in mind as we enter the planning process for next year and even years after to see what we can find out.

Mr. STOKES. Thank you.

Thank you, Mr. Chairman.

DROPOUT RATES

Mr. NATCHER. The Department has testified in previous years that the dropout rate for handicapped children is very high.

What is the actual dropout rate for these children in 1990 and how does it compare to the dropout rate for the general student population?

Dr. SCHRAG. There are a number of studies that have been conducted recently regarding the dropout rate. These studies indicate that the dropout rate is just about two to one, that is twice that of the nonhandicapped student, about 24 percent compared to about 12 percent for the general population.

DROPOUT DEMONSTRATIONS

Mr. NATCHER. The Department, as you know, is requesting $45,000,000 in dropout demonstrations. Will the demonstration projects be constructed in such a way that the special problems of handicapped children are included?

Dr. DAVILA. I fully anticipate that because of the collaboration that occurs within the Department among all the offices that we will benefit from whatever funds are made available. For example, recently the Secretary appointed a new advisor to advise him and the Department on dropout problems. We expect tc work very closely with that person as well.

In addition, we will be working very closely with the Assistant Secretary for Elementary and Secondary Education to address problems that are common throughout the young school-age population.

CHAPTER 1 HANDICAPPED CONSOLIDATION

Mr. NATCHER. Should the handicapped programs operated under Chapter 1 be consolidated under the Education of the Handicapped accounts as proposed by the General Accounting Office?

How do you feel about that suggestion from the General Accounting Office?

Dr. DAVILA. The Department has made a similar proposal in the past, I understand. Both programs serve disabled children, but we need to consider that funding differs greatly between the two programs.

Chapter 1, for example, in 1989 contributed an average of $557 for each eligible child. Education for the Handicapped contributed $340. So I believe that the Department would support such a proposal, but it would need to have a corresponding increase in Education for the Handicapped as funding for Chapter 1 was gradually phased out.

Mr. NATCHER. Would this require legislation, carrying out the suggestion of the General Accounting Office?

Ms. CHRISTENSEN. Mr. Chairman, it would.

Ms. CICHOWSKI. You could, in effect, merge the programs by gradually phasing out funding for Chapter 1 and increasing funding for Education for the Handicapped programs, as Dr. Davila has just suggested.

The specific proposal discussed in the GAO report, however, would require legislation because GAO has proposed possible set-asides and other refinements to the Education for the Handicapped program, which we may or may not support. We haven't developed a position on the best way to make the transition, so although it could be done administratively, a legislative vehicle would provide a means for making a smooth transition to the consolidation.

Ms. CHRISTENSEN. As a practical matter, I think that as long as there are two authorizations on the books, there will definitely be a continual push to fund the two authorities.

MONITORING REVIEWS

Mr. NATCHER. Compliance reviews are an important part of your mission. In your opinion, how often should State and local educational agencies be visited to assure compliance with the laws and also, Dr. Davila, how often are they being visited in 1990?

Dr. DAVILA. I mentioned awhile ago some of the areas for concern contained in the GAO report, and one of the areas that I mentioned was monitoring.

One of the concerns expressed in the report related to the infrequency or inconsistency in monitoring, and we are developing a plan whereby we will be providing monitoring on a timely basis. We are looking ahead to establishing a process that will permit us to monitor on a rotating cycle every three years.

That is our goal, to monitor on a regular basis, every three years in the States.

Mr. NATCHER. The GAO report says that lack of travel funds precluded adequate monitoring and technical assistance with site visits. Is this true? And, if so, do you anticipate similar problems with the fiscal year 1991 budget request?

Dr. DAVILA. No, sir. We are getting a good increase in travel allowance for 1991, and we intend to allocate a large percentage of that amount for monitoring purposes.

I believe we will be able to carry out our monitoring responsibilities.

SPECIAL EDUCATION TEACHER SHORTAGES

Mr. NATCHER. In the 11th annual report to Congress, States reported that they needed 27,500 additional teachers to fill vacancies and replace uncertified staff for students with handicaps.

In the 12th annual report, the number was 29,774. It looks like the problem is getting worse.

What is the Department doing to reverse this trend?

Dr. DAVILA. The programs the Department supports in the personnel preparation account produce around 13,000 special education teachers annually. The gap is much larger than that. However, not all problems relating to the gap that exists are related to production.

I believe that many people are leaving special education for a number of reasons beyond our control. For example, people are retiring, making career changes, going out to higher paying jobs, burning out, and leaving for a number of reasons.

We are presently studying retention and recruitment so that we can assess how we can develop strategies for retention purposes that will help reduce the problem. It is not a problem in production alone, I believe.

Mr. NATCHER. In your opinion, are enough resources targeted to teacher training?

Dr. DAVILA. For the present, I believe there are, because, as I said, the problems are not limited to those of production. There are other factors that also influence and account for the shortage of teachers in special education. We need to study that very carefully.

Mr. NATCHER. Mr. Conte, I yield to you.

Mr. CONTE. Thank you, Mr. Chairman.

MISLABELING OF LEARNING DISABLED CHILDREN

Dr. Davila, I am concerned about slow learners. I have explored this issue with Mrs. Will and with Secretary Cavazos, and most of the problem seems to be that our highly regimented system doesn't let students learn at their own pace.

Based on your classroom experience, how many slow learners are mislabeled as learning disabled and assigned to special classrooms?

Dr. DAVILA. From my own personal experience, that has happened. However, I would not be able to venture a guess as to what the actual number really is. I am sure there is mislabeling, but I think with improvements in practices, we are minimizing that problem now.

Mr. CONTE. How big of a problem do you think it is?

Dr. DAVILA. Mislabeling children, misdiagnosing, I don't know that is really a huge problem. I will ask Dr. Schrag.

Dr. SCHRAG. This has been an area of concern within each State across the country. State legislatures have watched the incidence of learning disabilities grow. State by State they have asked their State departments to study eligibility criteria and increase interfaces between special education, Chapter 1, and some of the other programs that serve children with learning problems.

There is a lot of activity across the country regarding the identification and assessment of children with learning disabilities. As we go across the country and look at States and our interactions with States, we do not have evidence that there are large numbers of children being misclassified. In fact, the prevalence of learning disabilities has stabilized throughout the States largely because of this increased activity by each State to more carefully assess this population. This population has also stabilized, I think, because of other educational reform activities such as school restructuring, remediation programs, dropout programs, and so forth.

So there is an important need for all of these programs to work together. We believe there are exciting efforts occurring within the States in this area.

Mr. CONTE. I disagree. I think it is a real problem. I frequently go back to the district home a lot. There are many parents who talk to me about this problem. They tell me how their kids are being pushed along grade to grade when they shouldn't be moving along. Instead should be given more attention because they have learning disabilities or other problems.

GAO is currently reviewing the definition used to categorize students because the learning disabled category accounts for 49 percent of the population served under the law's basic State grant program.

What is the status of that GAO review? What kind of changes can we expect?

Dr. SCHRAG. Yes, I am very familiar, Mr. Conte, with the GAO study as their staff has been coordinating with us.

It is my understanding that they are currently visiting some sample States and territories in which the learning disability rate is high and some States and territories where the learning disability prevalence rate is low. They are noting that 48 States and territories use the same definition as in the Federal law and that 22 States and territories have varied the Federal definition. They are also looking at how the States are operationalizing their definitions with eligibility criteria. They are trying to figure out what might be some of the reasons for the differences. It is my understanding they are also looking at some of the other programs that those States with the low incidence of learning disabilities are implementing and those States with high incidence to see if there is any relationship between a high incidence of learning disabilities and the lack of other programs that you have referred to as needed.

RESTRUCTURING EDUCATION FOR SLOW LEARNERS

Mr. CONTE. Many people are calling for a restructuring of the educational system. To what extent could restructuring address the needs of the handicapped as well as the slow learner and other children not served under Public Law 94-142?

Dr. SCHRAG. I feel strongly that a great deal of restructuring needs to occur in the education system. Special education and the other special programs exist because the general education structure has not accommodated individual differences. There are significant efforts going on across the country to look at ways to restructure. The National Association of State Boards of Education has recommended developmentally-appropriate curriculum for children ages four through eight so that they can be given a better start. This recommendation is consistent with the goals of the President and State Governors.

I think you would be as excited as I am about some of the efforts that are going on. Our office, for example, has for the last four years funded a number of research projects looking at alternative strategies for students with learning problems.

You are quite right that there is an increased number of low performing students. States are working with their building principals and their general and special education staff to look at ways to restructure and find in-classroom regular education solutions for some of these children so that they are not referred to more specialized programs.

Mr. CONTE. Mr. Chairman, are they coming back this afternoon? I will yield back the balance of my time.

Mr. NATCHER. The committee will now adjourn until two o'clock this afternoon.

AFTERNOON SESSION

Mr. NATCHER. The committee will come to order.

Mr. Conte, I yield to you.

COMBINING FEDERAL PROGRAM AUTHORITIES

Mr. CONTE. Doctor, last year I was told that it was a good idea to pull together all the Federal program authorities—Chapter 1, Education for the Handicapped, Vocational Education, et cetera—to reduce the barriers and address the needs of slow learners.

Do you think that is a good idea?

Dr. DAVILA. I haven't had an opportunity to really analyze all of the possible ramifications of that approach, but I would be guided by any effort in that direction, in safeguarding the rights of children under the Education of the Handicapped Act. That is an important consideration.

We have provided rights to children who are disabled, and in any change we make, we need to ensure that we do not compromise the rights and opportunities that are provided to those children.

Mr. CONTE. What do you think, Dr. Schrag?

Dr. SCHRAG. I think rather than to combine the programs, I think our efforts should be on better ways to coordinate the programs, so that they are not separate, distinct programs, but that they are working very closely together.

And, as I mentioned this morning, some of the efforts that I noted that are going on in individual States are looking for ways to do that. For example, split funding teachers from different program accounts so that teachers can work with students eligible for different programs, children that might be learning disabled and served in special education, children that might be remedial and served by general education, and children that are disadvantaged and served by Chapter 1.

I think our efforts should be on better ways to link and to coordinate those programs.

PRIVATE SECTOR PARTICIPATION IN EDUCATION

Mr. CONTE. Many States, Massachusetts and South Carolina, for example, have sought to increase private sector participation in education so that, schools and businesses are working together as a partnership for children.

What does this budget do to encourage partnerships to benefit handicapped children? Are there any grants to encourage this sort of thing?

Dr. SCHRAG. We have, within the research authority, some school-home models that look at the business partners in the community to find ways to better interface the school and the community.

Within our other discretionary programs, we also are encouraging the involvement of business in some of the models. There are not specific competitions that are included within the budget that specifically deal with business partnerships, but there is collaboration included within a number of them particularly in the early childhood program.

ATTENTION DEFICIT DISORDERS

Mr. CONTE. I am glad my friend from Massachusetts, Mr. Early, is not here, because he is opposed against all studies.

However, as the Chairman of the subcommittee will recall, last August we directed the Secretary to conduct a study on the problem of children with attention deficit, hyperactive disorders. It is my understanding that little is known about this problem, and some changes in the law may be needed in order for these children to be served.

Can anyone of you tell me the status of that study?

Dr. DAVILA. Mrs. Schrag can respond to that.

Dr. SCHRAG. Our office is working with the National Association of State Directors of Special Education through Project Forum to conduct a study of identification and services within the States for this population.

Mr. Conte, this is a heterogeneous group of children that have physiological, neurological, and or physical concerns. There are several theories about attention deficit disorders. It is a complicated group of children with diverse needs.

Some of these children are handicapped and qualify for special education. Others have needs that can, and should, be met in general education.

SERVING ALL HANDICAPPED PRESCHOOLERS BY 1991

Mr. CONTE. How are things progressing with the preschool grant program requirement that the States have full service mandates in place by the 1991-1992 school year, and what kinds of problems are the States having? What is the Department doing about those problems?

Dr. DAVILA. We believe that our preschool program is proceeding very well. Primary activity in the States has been in the development of Statewide systems. The preschool program is proceeding well. There are a number of States that have already had preschool programs in place for some time at the beginning of the school year, and we anticipate that by 1991 all the States will be using the program.

Mr. CONTE. Are there problems with this requirement in the States?

Dr. SCHRAG. I might add to that, a number of States already have mandates in place. Thirty States have a mandate effective this school year, and all States have indicated they will be fully serving three to five year old children with disabilities by 1991.

The problems that States are encountering are in several areas. The first area is personnel. There are shortages of teachers trained to deal with this population of children, as well as school psychologists, physical therapists, and occupational therapists. They are also having difficulty with the placement of children in the least restrictive environment.

Many States do not provide programs for nonhandicapped children, ages three to five. Challenges exist to interface these programs with day care as well as Head Start to be sure that there is integration of handicapped and nonhandicapped students.

States are also having some difficulties with their data collection systems in being able to document the extent of services provided and needed.

Transition is another area that is a problem within the States. There are, I believe, approximately 30 States that have a State-funded counterpart to the Head Start program. States are trying to coordinate these State funded programs with programs for infants, toddlers, and preschool children with disabilities, and day care programs.

This coordination is necessary to make sure that there is a good, smooth transition as children move from infant programs to preschool programs and into the first grade.

PARENT TRAINING PROJECTS

Mr. CONTE. What is happening in the national parent network project? What do the evaluations of that program reveal? What are the plans for that project?

Dr. SCHRAG. We feel very strongly about that program.

Back to this area of preschool, that is one of the areas of technical assistance that they are providing to parents and their families, to help ensure a better transition.

We are in strong support of the parent training and information program. Evaluations of that program tell us that we need more projects

There are currently approximately 7 States that are not covered with a parent project. Our intentions are to expand that program as resources allow.

Mr. CONTE. For quite some time I have followed a problem that developed from the parent training set aside in the parental Development Program. Several years ago a group from Boston, that pioneered this effort, was asked by Mrs. Will to perform duties beyond the scope of their contract. They honored her request. But have been denied compensation because that request was not documented by Mrs. Will.

Does it seem fair to you that a small organization like the Federation for Children with Special Needs which undertakes additional work in good faith should be penalized for a procedural error on the part of the Department?

Dr. DAVILA. That is not a problem related to our office. I will let Ms. Cichowski answer that.

Mr. CONTE. Carol, what do you think? Should they be penalized for procedural problems?

Ms. CICHOWSKI. It does not seem fair, but my understanding is that the activities undertaken, which involved producing an additional monograph and some additional travel and hotel costs, and adding some additional conference participants, were clearly activities that were outside the scope of the contract. The Department procedures require that the contractor take responsibility for knowing what is within or outside the scope of the contract. The Department simply isn't authorized to pay for activities that are not explicitly required by the terms of the contract.

We have looked at this matter. Staff in our Office of Management have looked at it carefully, both what happened and the circumstances surrounding the facts, in response to a request from your office that we take a good, hard look at what happened here.

My understanding is that last fall, the Department's Office of Management sent a letter of final determination to the Federation for Children with Special Needs informing them that we just couldn't find a basis on which to compensate them for this cost overrun, and advised them that if they wished to pursue this to appeal to the General Service Board of Contract Appeals. Thus far, we haven't received any notification that they are pursuing it.

My sense is that as far as the Department is concerned, we did all that we could possibly do within our own laws and regulations on this matter.

Mr. CONTE. Did you look into the possibility that Mrs. Will had asked them to do things that were beyond the scope of their contract?

Ms. CICHOWSKI. What I have been told is that, whether or not that is true, it isn't relevant. It is the contractor's responsibility if they are asked to do things that go beyond the scope of their contract, to inform the contracting officer, who is a person assigned to the Office of Management. That is the only person authorized to deal with modifications in the contract. They should have known, that, if they received a request like that from the Office of Special Education and Rehabilitative Services, they should have contacted our Office of Management and advised the proper people that they needed a modification to their contract.

It is possible that the contract could have been modified to accommodate a change in the scope of work, but nothing was done formally. That is what ties the hands of the Department.

There was no change to the document that our Office of Management has to live by.

Mr. CONTE. Under contract law sometimes you can change a contract through an oral agreement.

Ms. CICHOWSKI. I understand that, and we talked about that within the Department. Our Office of Management insists that in this case there is no flexibility.

Perhaps if the Federation were to pursue this in the Court of Claims, based on contract law, there would be something to be gained. My sense is that the Department's hands are tied here. We don't have the authority to deviate from our own procedures regarding when a cost overrun can be paid.

Mr. CONTE. Okay.

REGIONAL RESOURCE CENTERS

For the record, you requested $6,200,000 for Regional Resource Centers, the roles of the centers have changed over the years. What is the current mission and how do you see this change in the years ahead, and also submit for the record a list of all resource centers and the schedule for competition and renewal of their contracts.

[The information follows:]

REGIONAL RESOURCE CENTERS MISSION

The Regional Resource Centers (RRCs) program is designed to assist State educational agencies and, through such agencies, local educational agencies and other appropriate State agencies to provide quality educational services to handicapped infants, toddlers, children, youth and their families. The Centers fulfill this mission through the following strategies:

1. Identifying and solving persistent problems in providing quality special education, related services, and early intervention services to special education students and their families.

2. Developing, identifying, and replicating successful programs and practices that will improve special education, related services, and early education programs for handicapped students and their families.

3. Gathering and disseminating information to all State educational agencies in their respective regions and coordinating their activities with other Centers as well as other appropriate projects within the Department.

4. Assisting in the improvement of training activities and information dissemination to both professionals and parents of students with handicaps.

5. Providing training to various agencies and organizations on preparing grant applications to the Department.

The strategies for improving the quality of special education services for all eligible students and their families is not expected to shift dramatically during the next several years. Program development, training, collaboration, evaluation and networking have been successfully used as tools in promoting service quality.

CURRENT REGIONAL RESOURCE CENTERS

Region 1 - Trinity College: Maine, Vermont, New Hampshire, Massachusetts, Connecticut, Rhode Island, New York, and New Jersey.

Region 2 - University of Kentucky: Maryland, Delaware, Virginia, West Virginia, Washington, D.C., Kentucky, Tennessee, North Carolina, and South Carolina.

Region 3 - Florida Atlantic University: Georgia, Alabama, Florida, Mississippi, Puerto Rico, the Virgin Islands, New Mexico, Texas, Oklahoma, Arkansas, and Louisiana.

Region 4 - Ohio State University: Illinois, Ohio, Indiana, Pennsylvania, Wisconsin, Minnesota, and Michigan.

Region 5 - Utah State University: Montana, Wyoming, North Dakota, South Dakota, Utah, Colorado, Nebraska, Kansas, Iowa, Missouri, and the Bureau of Indian Affairs.

Region 6 - University of Oregon: Oregon, Idaho, Washington, Alaska, California, Arizona, Nevada, the Republic of Palau, the Federated States of Micronesia, Guam, American Samoa, Hawaii, and the Commonwealth of the Marianas Islands.

SCHEDULE FOR REGIONAL RESOURCE CENTERS AWARDS

The current contracts with Regional Resource Centers expire on May 31, 1991. The Office of Special Education Programs is preparing the materials for a competition to be announced later this year. New awards should begin in June 1991.

SERVICES IN RURAL AREAS

Mr. **Conte**. It is frequently very difficult and expensive to provide appropriate nonrestrictive services to handicapped children in rural areas. Distance learning and technology seem to hold some promise when addressing this challenge.

What do you think about this approach and how does the Department's budget address this issue? Anyone?

Dr. **Davila**. Dr. Schrag, please.

Dr. **Schrag**. You are quite right. There are significant concerns relative to service delivery in rural school districts across the country. Technology has important service delivery applications in rural area.

Within the special purpose programs, we have the technology program that we expect in fiscal year 1991 to include competitions that will help look at the application of existing technology and explore new technology to enhance special education service delivery.

FINDINGS FROM MONITORING REVIEWS

Mr. **Conte**. Compliance reviews of the States keep turning up the same four weaknesses: (1) difficulty in monitoring educational agencies, (2) inadequate enforcement of least restrictive environment requirements, (3) procedural safeguard violations, especially in the area of the parental notification, and (4) follow through on the objectives listed on the individualized education plans.

How does the Department's budget help correct these recurring weaknesses?

Dr. **Davila**. Presently, we are addressing these problems. We are taking a look at that process, and making changes to provide for more effective, more uniform monitoring of the States. One way to do that is to establish review cycles that will be consistent and uniform in these applications. One of our projects now is the development of monitoring standards.

The approach will be consistent in order that we can alleviate some of the problems that keep coming up in the past.

Mr. **Conte**. Can you straighten that out, Doctor?

Dr. **Schrag**. Yes. As Dr. Davila indicated, a significant thrust of our office is to make considerable refinements to the current Federal monitoring system. We believe that the system needs strengthening so that we are achieving more accountability by each State educational agency. It is the State educational agency's job to do this thorough compliance monitoring of school districts. It is our job to make sure that they are doing that. We are trying to make needed changes in our monitoring procedures to make a stronger and more accountable system.

Mr. **Conte**. Thank you, Mr. Chairman.

Mr. **Natcher**. This concludes the hearing on the budget request for the fiscal year 1991 for Education for the Handicapped.

Dr. Davila, this has been a good hearing. We want you to know that we appreciate your appearance before the committee at this time. Thank you very much.

[The following questions were submitted to be answered for the record:]

DRUG-EXPOSED CHILDREN

Mr. Natcher: A recent "Newsweek" article estimated that about 11 percent of all newborns have been exposed to drugs, particularly crack cocaine, during pregnancy. That's about 375,000 new drug-exposed babies a year. Doctors who track these babies now believe that drug-related defects may contribute to major developmental difficulties. Dr. Davila, are these crack babies starting to show up in the education system?

Dr. Davila: Yes. They are now beginning to enter our school systems. These children exhibit an array of developmental and learning problems, such as hyperactivity, distractibility, speech and language delays, unprovoked aggression, motor problems, and an inability to focus on specific images or sounds.

MAGNITUDE OF THE PROBLEM OF DRUG-EXPOSED CHILDREN

Mr. Natcher: What is the magnitude of this problem now, and what are we looking at five to ten years down the road?

Dr. Davila: Estimates of the prevalence of children prenatally exposed to drugs vary substantially. Probably the best national estimate comes from a 1988 study conducted by Dr. Ira Chasnoff of Northwestern University Medical School. Based on a survey of 36 hospitals across the country, Dr. Chasnoff estimated that about 11 percent of infants born each year, or about 375,000 infants, are born to women who are drug abusers.

Based on a two-year follow-up study of 263 children who have been evaluated at a Chicago-based treatment clinic for substance abusing pregnant women, Dr. Chasnoff found that drug-exposed children scored within the normal range for cognitive development and are not brain damaged. However, many drug-exposed two-year olds scored poorest on developmental tests that measure abilities to concentrate, interact with others in groups, and cope with an unstructured environment. He concluded that, given the chaotic and transient nature of the drug environment, many drug-exposed children are at great risk of development impairment, particularly children whose mothers are not involved in a treatment program. Therefore, although current data do not indicate the extent of potential special education needs for this population, it is likely that it will be significant.

OSERS' COORDINATION WITH OTHER OFFICES

Mr. Natcher: There is also a State grant program for the handicapped in the Chapter 1 programs. How is collaboration facilitated between offices within the Department on projects of mutual interest, like education for the handicapped, the dropout problem, or drug-free schools?

Dr. Davila: Collaboration is facilitated between the Office of Special Education and Rehabilitative Services (OSERS) and other offices in the Department in a variety of ways. For example, OSERS collaborated with the Office of Vocational and Adult Education by providing funds for the National Assessment of Educational Progress transcripts for handicapped students that were used in the National Assessment of Vocational Education. I have met several times with Ms. Esquivel, Director of the Office of Bilingual Education and Minority Affairs, to discuss issues of mutual concern. The Directors of the Office of Special Education Programs and the Compensatory Education Programs meet regularly to discuss areas of potential coordination between the two programs. We are also developing, or planning to develop, coordinated activities on projects of mutual interest with the Drug-Free Schools and Dropout Prevention programs.

EDUCATION OF THE HANDICAPPED ACT REAUTHORIZATION

Mr. Natcher: The administration proposes to restructure the special purpose program through new authorizing legislation. What is the status of that legislation?

Dr. Davila: On November 16, 1989, the Senate passed S. 1824, which would reauthorize expiring programs under the Education of the Handicapped Act through fiscal year 1994. The House has developed proposed draft legislation to reauthorize the act. On February 20 and 21, the House Subcommittee on Select Education held hearings regarding this reauthorization.

NEW DEFINITIONS

Mr. Natcher: The new legislation proposes changing the definition of "children with disabilities" by adding autism and head injuries to the qualifying conditions. Will this result in an expansion in the number of eligible students?

Dr. Davila: Children with autism and many children with head injuries are now being served in special education under the category of "Other Health Impaired". In addition, those children with head injuries who meet the criteria for learning disabled are being served under that category. Thus, we would not expect that this change in definition would result in an expansion in the number of eligible students. It would, however, increase the reporting burden on States and local educational agencies, which would be required to provide child count data for an additional two categories.

REQUEST FOR DEAF-BLIND PROJECTS

Mr. Natcher: Assuming the new special purpose legislation is enacted, does the Department intend to request separate funding for deaf-blind projects?

Dr. Davila: The Department intends to request separate funding under the Deaf-Blind Projects activity and the Severely Handicapped Projects activity.

DEFINITION OF LEARNING DISABLED

Mr. Natcher: According to the Twelfth Annual Report to Congress on the Implementation of the Education of the Handicapped Act, 49 percent of the children served under the act are classified as learning disabled. I understand that each individual State determines the definition of "learning disabled". How much variation in incidence do we see among the States?

Dr. Davila: The regulations implementing the Grants to States program define "specific learning disability" as a disorder in one or more of the basic psychological processes involved in understanding or in using language, spoken or written, which may manifest itself in an imperfect ability to listen, think, speak, read, write, spell, or to do mathematical calculations. The term includes such conditions as perceptual handicaps, brain injury, minimal brain disfunction, dyslexia, and developmental aphasia. The term does not include children who have learning problems which are primarily the result of visual, hearing, or motor handicaps, of mental retardation, of emotional disturbance, or environmental, cultural, or economic disadvantage.

The Federal regulations also specify the general criteria that States must use in determining the existence of a specific learning disability. First, a multidisciplinary team must determine that a child does not achieve commensurate with his or her age and ability levels in one or more of the following areas: oral expression, listening comprehension, written expression, basic reading skill, reading comprehension, mathematics calculation, or mathematic reasoning. Furthermore, the team must find that a child has a severe discrepancy between achievement and intellectual ability in one or more of these areas.

Although States must use definitions and criteria consistent with the Federal regulations, States have substantial flexibility in how they implement these definitions and criteria. For example, each State may establish its own basis for determining whether a child has a "severe discrepancy" between ability and achievement. As a result, there is some variation in incidence among the States. For example, Georgia, Kentucky, and Louisiana identify less than 3 percent of their children ages 3 through 17 as learning disabled, while Alaska, Delaware, and New Jersey identify over 6 percent as learning disabled.

COST OF SERVING LEARNING DISABLED STUDENTS

Mr. Natcher: Does it cost more or less to provide services to a learning disabled student as compared to the other handicapped students?

Dr. Davila: Findings from the Special Education Expenditures Study, which was completed in 1988, indicate that it costs less to serve learning disabled students as compared to students with other handicapping conditions. For example, the Study found that it cost an average of $1,643 per child to serve learning disabled students in resource rooms. The costs of serving children in resource rooms was less only for children who had been identified as speech impaired. The average cost per child for serving learning-disabled children in self-contained classrooms was $3,083, less than the costs of serving all other children with other handicapping conditions.

EFFECT OF CATEGORIZING CHILDREN AS LEARNING DISABLED

Mr. Natcher: Is it to a State's financial advantage to liberally categorize students as "learning disabled"?

Dr. Davila: No. It probably is not to a State's financial advantage to liberally categorize students as "learning disabled". The costs of providing special education and related services are in addition to the costs of providing regular education. The Federal share of the excess costs of providing special education and related services to all handicapped students is about 7 percent. The Federal contribution, therefore, represents only a small percentage of the excess costs. States and local educational agencies provide, by far, the major portion of the excess costs for educating handicapped students, including learning disabled students.

TEACHER RECRUITMENT AND RETENTION

Mr. Natcher: Are there special incentive programs to recruit and retain special education teachers?

Dr. Davila: Approximately 60 percent of training funds go directly to student support. Insofar as the fellowships supported by the Special Education Personnel Development program may induce individuals to enter special education fields who otherwise would not, one could argue that the overall program provides incentives to recruit special education teachers. Though we do not have hard data, many university programs tell us that without our fellowships, recruitment would be far more difficult.

In addition, some States have implemented their own incentive programs to recruit and retain special education teachers. For example, Florida and California have active State-funded fellowship programs for recruiting teachers in shortage areas including special education.

TEACHER SHORTAGES

Mr. Natcher: What type of longitudinal data do you have on teacher shortages in the field of special education.

Dr. Davila: The most stable and reliable source of data on teacher shortages over the years has been the periodic NCES studies of teacher supply, demand, attrition, and other factors. While these are probably the hardest data available, their usefulness has been limited to a large extent by not being sufficiently detailed to use in making specific program decisions. For example, for several years special education has been determined to be the top or second largest shortage area, but these reports have not typically broken out information by handicapping condition, grade level, or type of teaching situation.

With grant assistance from the Office of Special Education Programs, the University of Wisconsin-Whitewater has developed a model to enable State educational agencies to measure teacher supply and demand and to predict future teacher needs. Based on a sample of 13 States, this model was found to be adaptable across data systems currently in use in most States. In the States participating in the study, all showed varying but generally substantial degrees of need for special education teachers and related services personnel across several disability areas.

The Department collects annual data from the States on the need for special education personnel. States report each year on teacher demand as a function of unfilled vacancies and the number of personnel who are are not fully certified. Generally, the data have not been regarded as having great precision. However, they do provide at least a minimal basis for determining needs by State and by handicapping condition for teachers and related services personnel.

States are also required to maintain comprehensive systems of personnel development. These systems have the potential to provide substantial data related to teacher need. Unfortunately, to date, those data have proved to be very uneven, and therefore minimally useful in planning and project selection. In addition, the majority of the attention in the systems has been on inservice training needs rather than on preservice. A project supported at the University of Georgia is developing a set of very comprehensive planning, processing, and reporting guidelines which should substantially improve States' ability to economically supply better data. The Department is also planning increased technical assistance to States to improve their systems.

The National Clearinghouse on Professions in Special Education, operated by the Council for Exceptional Children and the National Association of State Directors of Special Education, also does substantial work in this area, and has done some collating and reporting of supply and demand data.

GAO REPORT ON OSERS' MANAGEMENT

Mr. Natcher: The GAO report states that staff vacancies and staff in acting management positions present serious problems within the Office of Special Education. Do you agree with this statement?

Dr. Davila: I agree that staff vacancies and the number of acting positions have presented serious problems for the efficient management of the Office of Special Education and Rehabilitative Services (OSERS). We have been working hard to solve these problems and are making good progress.

Regarding staff vacancies, OSERS has been well below its full-time equivalent (FTE) ceiling for several years. However, we are improving our record. In 1989, OSERS lost 60 employees and hired 64, resulting in an on-board FTE usage of 397. We are making every effort to hire employees at an increased rate and retain those employees, once hired. In addition, the Department is proposing an increase in the FTE ceiling for OSERS of six above the 1990 level, for a total of 416 FTE.

Of the 22 key management positions in the Office of Special Education Programs (OSEP), 8 positions were vacant or filled by people in an acting capacity as of January 1990. Recruitment actions are now in progress for all these positions. OSEP has recently filled 3 key management positions on a permanent basis, one of which is the critical position of Director, Division of Assistance to States. In addition, the Rehabilitation Services Administration has recently filled several important regional office positions.

The GAO report stated that 21 of 56 key positions were vacant or filled on an acting basis in February 1988 and that 14 of these positions were still vacant in February 1989. As of February 1990, 12 of these positions remained vacant, but personnel actions are now in progress to fill these positions.

VACANCIES IN OSERS

Mr. Natcher: Under the Department's Program Administration account, the Office of Special Education and Rehabilitative Services is allocated 410 full time equivalents (FTE) in fiscal year 1990, an increase of 13 FTE over fiscal year 1989. How many vacancies do you have and on the average, how long does it take to fill a vacancy?

Dr. Davila: Based on the 406 employees on board, as of January 1990, the Office of Special Education and Rehabilitative Services has filled 397 of the 410 FTEs allocated for 1990. Therefore, 13 FTEs remain to be filled. We have a number of personnel actions in progress to fill the remaining vacancies. On average, it takes about 3 months to fill a vacancy.

EXTENDED AVAILABILITY FOR PRESCHOOL GRANTS

Mr. Natcher: The Department is requesting extended availability of $8,000,000 appropriated in fiscal year 1989 for bonus payments in the Preschool Grant program. If the Congressional Budget Office scores this request as a fiscal year 1991 outlay, would the Department still place a priority on the funding?

Dr. Davila: The administration's request for extended availability at the State level for $8,000,000 of Preschool Grants funds assumes outlays as follows:

1990	$961,000
1991	5,439,000
1992	1,440,000
1993	160,000

We do not believe that it would be appropriate for the Congressional Budget Office to score the entire $8,000,000 as a fiscal year 1991 outlay. However, regardless of the scoring of outlays, the inclusion of appropriation language to extend availability of these funds at the State level would remain a priority of the Department.

GRANTS FOR INFANTS AND FAMILIES

Mr. Natcher: Under Part H, the Grants for Infants and Families, States are required to have fully implemented statewide systems by the fifth year of participation in order to continue to participate in the program. How many States will have fully implemented systems for early intervention by the 1991-1992 school year?

Dr. Davila: All States are participating or have stated that they would be participating in 1989, the third year of the five-year phase-in period for the Grants for Infants and Families program. Currently, we are aware that at least three States are considering not participating in the program in 1990 and that two additional States are considering not participating in the program in 1991. If all other eligible entities continue to participate in the fourth and fifth years of the phase-in period, we would expect the remaining 53 eligible entities to have their statewide systems of early intervention services fully implemented in the 1991-1992 school year. However, until we receive applications for 1991 funds, we will not know how many States, (including those States now considering not participating in the program) will have fully implemented their statewide systems of early intervention services.

ESTABLISHMENT OF OSERS' GOALS

Mr. Natcher: Did the change in Administrations result in the establishment of new goals in the Office of Special Education and Rehabilitative Services?

Dr. Davila: Yes. The Office of Special Education and Rehabilitative Services (OSERS) has recently developed a new mission statement and has advanced three new themes emphasizing potential, participation, and productivity as a basis for a coordinated direction throughout the three components. OSERS is currently developing a series of specific program objectives relating to the three themes.

TRANSITION

Mr. Natcher: Are enough resources devoted to transitional programs for the students that "age-out" of the education system?

Dr. Davila: Transitional programs are not universally available for children with disabilities before they age-out of the special education system. Likewise, there is no assurance of services after children age-out of the education system. The availability of such services is often dependent on access to nonprofit and local public agencies.

Mr. Natcher: Doesn't the proposed legislation remove the upper age restriction?

Dr. Davila: The House draft proposed legislation reviewed by the Department and S. 1824 passed by the Senate on November 16, 1989, include provisions to require funding for competitive transitional services awards in response to joint applications from State education and vocational rehabilitation agencies. These awards would support activities for some individuals who have "aged-out" of the educational system.

ADVISORY ASSISTANCE SERVICES REQUEST

Mr. Natcher: The fiscal year 1991 request for Advisory and Assistance Services for the Education for the Handicapped more than doubles over fiscal year 1990, while the request for the Rehabilitation accounts decreases by about 40 percent. What can you tell us about these shifts?

Dr. Davila: The estimate in the 1991 Congressional Justifications inadvertently excluded funding for a number of special studies from the total for Advisory and Assistance Services for 1990 and 1991 under the Education for the Handicapped account. We currently estimate $2,586,000 in 1990 and $2,497,000 in 1991 for these activities under the Education for the Handicapped account. The reduction in the Rehabilitation Services and Handicapped Research account is due to the completion in 1990 of several studies that were initiated in prior years.

DATA ON CHILDREN SERVED UNDER GRANTS FOR INFANTS AND FAMILIES

Mr. Natcher: For the third year, the data on the number of infants and toddlers with handicaps who are receiving early intervention services under the Education for the Handicapped law is very inconclusive. When will an accurate system of reporting be developed?

Dr. Davila: State lead agencies are not required to have the statutory components of an early intervention system in place until the fourth year of their participation in the Grants for Infants and Families program; that is, in 1990. A data system is one of these required components. States are currently developing their data systems and, therefore, do not yet have the capability to report accurately the number of infants and toddlers with handicaps who are receiving early intervention services. The first data to be reported after the data systems are in place will appear in the "Fourteenth Annual Report to Congress", which will be delivered to Congress in January 1992.

COLLABORATION BETWEEN OSERS' COMPONENTS

Mr. Natcher: How much collaboration is there between funding components within the Office of Special Education and Rehabilitative Services?

Dr. Davila: We are working hard to increase collaboration between the Office of Special Education (OSEP), the Rehabilitation Services Administration (RSA), and the National Institute on Disability and Rehabilitation Research (NIDRR). For example, task forces, composed of staff from each component, are collaborating on issues related to transition and technology, and a task force, composed of staff from OSEP and NIDRR, has been established to collaborate on issues related to early childhood. I hold weekly joint meetings with the heads of the three components to explore issues of mutual interest, including ways in which they can support specific initiatives. To ensure a coordinated approach to program planning, I have instituted a process by which the draft work statements for new activities developed by one of the components in OSERS is reviewed by the other two. In addition, I intend to establish a joint priority setting process that will provide for coordinated development of new program priorities. The heads of the three components have also established an informal process of regular meetings on both general issues of mutual concern and specific topics that cut across components. I have asked Deputy Assistant Secretary Vader to participate in these meetings and to bring an office-wide perspective to the issues under discussion.

PRESCHOOL GRANTS AND EARLY CHILDHOOD EDUCATION PROGRAM DIFFERENCES

Mr. Natcher: Would you clarify the difference between the types of activities funded by the State preschool program and the discretionary early childhood education programs. How do the eligibility criteria differ?

Dr. Davila: The State preschool program, entitled the Preschool Grants program, is a formula grant program which provides funds to assist States in meeting the costs of special education and related services for handicapped children aged 3 through 5 years. States receive funds for these children under both the Grants to States and the Preschool Grants programs. State educational agencies in the States and territories are the grantees. Preschool Grant awards are based on a State's December 1 child count of the handicapped three, four, and five year old children they are serving.

A minimum of 75 percent of a State's Preschool Grant award must be distributed to local educational agencies and intermediate educational units on a pro rata basis. Subgrantees must use the funds to supplement State and local funds for providing special education and related services to preschool-aged children with handicaps. Funds are used for a variety of activities, including personnel, equipment, and the provision of related services.

Early Childhood Education program funds are awarded on a competitive basis in accordance with priorities that are announced in the Federal Register. Eligible applicants are public and private nonprofit agencies and organizations. Projects include experimental projects, demonstration projects, outreach projects, research projects, research institutes, personnel training projects, and technical assistance. While the Preschool Grants program is limited to children aged 3 through 5 years, projects funded under the Handicapped Children's Early Education Program can deal with issues related to children with handicaps from birth through age eight.

DEAF-BLIND PROJECTS PROPOSED LEGISLATION

Mr. Natcher: What provisions are made for deaf-blind programs in the proposed legislation?

Dr. Davila: The Senate bill includes substantial changes to the authorization for the deaf-blind program. Included in these changes are the following:

- Early intervention services are specifically included in addition to special education services.
- Awards are authorized to assist local education agencies in addition to State education agencies.
- Technical assistance regarding transitional services that were previously limited to those attaining the age of 22 is expanded to all individuals.
- A new authority to support technical assistance, training, replication, pilot, research, development, demonstration, and parent involvement projects for deaf-blind children is added.
- Awards to single and multi-State centers to provide technical assistance and pilot projects are specifically authorized.
- An award to disseminate materials and information on effective practices is required.
- Specific authority for extended school year demonstrations for severely disabled, including deaf-blind, children is moved to section 624, Programs for Severely Handicapped Children.
- Authority to support projects for the purposes of section 624, Programs for Severely Handicapped Children, is removed.

The Department has seen only a proposed draft of the House bill. Since this draft is still being revised, it would be premature to comment on its content at this time.

GEOGRAPHIC DISTRIBUTION OF DEAF-BLIND CHILDREN

Mr. Natcher: Doesn't the relative infrequency and the geographical dispersion of deaf-blind children indicate that Federal targeted assistance may still be necessary to insure that service levels are adequate?

Dr. Davila: State and local governments spend about $50 billion per year to educate children with disabilities. The Education of the Handicapped Act requires that these funds be used to provide all children with disabilities, including those who are deaf-blind and those with other severe and low incidence conditions, with a free and appropriate public education. The fact that children with these types of conditions are disbursed geographically or have low incidence rates does not provide the States with an excuse to provide inadequate services.

The deaf-blind program predates the Education of the Handicapped Act requirements to provide free appropriate public education to all children with disabilities. It was enacted at a time when many States were providing few services to these children. However, that is no longer the case, and the Federal

Government should no longer be viewed as a source of direct services for these children.

We believe that the Federal Government has an appropriate and continuing role to provide technical assistance and training resources to the States to aid them in better addressing the needs of deaf-blind and other children with severe and low incidence conditions. We also believe that it is important to improve the systems through which the Federal Government provides these resources.

DEAF-BLIND AND OTHER SEVERELY HANDICAPPED RESEARCH AND DEMONSTRATIONS

Mr. Natcher: What are both the advantages and disadvantages of combining deaf-blind and severely handicapped research and development?

Dr. Davila: There are numerous advantages to combining deaf-blind and other severely handicapped research and development activities. These advantages generally relate to the small size and diversity of the deaf-blind population.

There are almost 6,000 deaf-blind children in the United States. These children are distributed throughout the country and range in age from new born through age 21. They also cover a wide range of severity. For example, about 13 percent of these children have only mild hearing loss while 35 percent have severe loss. Over 85 percent of deaf-blind children also have additional disabilities. Our State and multi-State projects report that 56 percent of the deaf-blind children they serve are also mentally retarded.

Joint projects would allow projects to serve deaf-blind and other severely handicapped children who are selected based on their individual needs rather than by categorization. For example, the needs of a deaf-blind child with mild visual problems and no mental impairment might be most closely aligned with those of children of similar age and ability who are deaf and orthopedically impaired.

Funding joint projects also helps avoid the segregation of deaf-blind children; instead, jointly funded projects allow deaf-blind children to relate to other children.

The primary objection to joint activities seems to be that fewer resources might be directed to deaf-blind children. Currently, the Deaf-Blind Projects program includes about the same level of funding for research and demonstrations as is available for all other severely handicapped children combined under the Severely Handicapped Projects program. Deaf-blind children also benefit from many of the projects funded under the Severely Handicapped Projects program since all deaf-blind children are considered severely handicapped.

Another objection stems from the belief that when a child has hearing and vision problems that cannot be addressed through programs solely for hearing impaired or visually impaired children, that child is so unique that his or her needs cannot be met in programs that include other severely handicapped children. Our experience shows that while deaf-blind children have some unique needs, there are many strategies and curricula that work effectively for deaf-blind and other severely handicapped children.

The Department believes that the overall impact of the combination of activities would ultimately be in the best interest of deaf-blind children. The trade-off would be fewer lower quality projects that are conducted in segregating situations, focused solely on children who are deaf-blind, against more higher quality projects that are conducted in integrating situations with children with other severe handicaps.

DESCRIPTIVE VIDEO

Mr. Natcher: Your budget materials indicate that you have concerns about the commercial viability of descriptive video. Would you tell us in more detail the basis for these concerns.

Dr. Davila: There are several issues that must be addressed before we can determine the commercial viability of descriptive video services (DVS). For example:

1. The size of the target population is not known and could range from 300,000 to 8,400,000 children.

2. If DVS is broadcast through the Separate Audio Program channel of standard stereo televisions, stations using the separate audio channel for bilingual broadcasts will face conflicting choices regarding competing uses.

3. Currently, the major commercial networks are not equipped to broadcast DVS. We do not yet know the potential financial investment that a network must make in equipment to broadcast and transmit DVS. Similarly, because with DVS each station must also invest in special equipment (unlike with closed captions), it is not clear what investment local stations must make.

4. Since alternative technical approaches are in use and being developed in addition to the Separate Audio Program channel approach, it is not clear which approach would be the most cost effective.

We anticipate that the study currently underway will provide more information on all of these issues.

LIMITED-ENGLISH-PROFICIENT CHILDREN WITH HANDICAPS

Mr. Roybal: What programs are included in your budget which address the misplacement of English deficient students into special education classes?

Dr. Davila: We have no programs that address the misplacement of limited-English-proficient (LEP) children into special education classes. We also have no way of knowing how many LEP children in special education have been misplaced. We do not believe, however, that large numbers of LEP children have been misplaced into special education classes.

The Department has estimated that as of January 1986, there were between 1.2 and 1.7 million LEP children, aged 5 through 17, in the United States, with other estimates falling within this range (from 1.3 to 1.5 million). Using the Department's estimate and based upon Census Bureau population projections, LEP children represented approximately 2.7 to 3.8 percent of the 5 through 17 population in 1986. The 1986 Elementary and Secondary Civil Rights Survey (the most recent data available) collected data on the number of LEP children in special education in the following four categories: mentally retarded, speech impaired, seriously emotionally disturbed, and specific learning disability. LEP children represented a total of 41,597, or 2.2 percent, of all children included in the sample under these four categories. They represented almost 2 percent of children categorized as mentally retarded, 2.4 percent of children categorized as speech impaired, 0.7 percent of children categorized as seriously emotionally disturbed, and 2.5 percent of children categorized as having a specific learning disability. Although some LEP children may be misplaced, the percentage of LEP children in special education does not suggest that these children are overrepresented and, therefore, being misplaced into special education.

For this reason, we are concentrating our resources on activities that will improve the quality of services that LEP children receive. For example, under the Office of Special Education's (OSEP's) Innovation and Development program, we have a new research priority for 1990 that will support three-year projects to: (1) identify the cultural and language features of classrooms and related service settings that detrimentally affect the delivery of educational services to these children; (2) develop and test strategies, including personnel training strategies, for adapting the delivery of educational services to better accommodate the cultural and language patterns of these children; and (3) develop and test strategies for enhancing the development of the language, social, and survival skills necessary for functioning and learning in special and regular educational and community settings. This priority will continue into 1991 and 1992. Under OSEP's Early Childhood Education program, we support demonstration and outreach projects dealing with children, aged birth through eight years, with handicaps who are from culturally and linguistically diverse backgrounds. Under the Special Education Personnel Development program, we support a number of grants that provide preservice training in bilingual special education.

BILINGUAL PROGRAMS FOR CHILDREN WITH HANDICAPS

Mr. Roybal: What bilingual programs are in place to address the needs of English deficient handicapped children?

Dr. Davila: The Office of Bilingual Education and Minority Languages Affairs is supporting a project for Hmong and Hispanic limited-English-proficient (LEP) children, in kindergarten through grade 6, who are having learning problems and who may need special education. One purpose of the project is to improve the assessment of LEP children for special education services. The Office of Special Education (OSEP), under its Early Childhood Education program, is supporting four demonstration and two outreach projects dealing with the needs of infants and toddlers from families with limited English proficiency and the needs of LEP preschoolers. OSEP is also supporting a number of preservice personnel preparation grants that include bilingual special education.

COORDINATION BETWEEN OSERS AND OBEMLA

Mr. Roybal: What formal coordination is there between the Office for Special Education and Rehabilitative Services and the Office for Bilingual Programs?

Dr. Davila: Since coming to the Department of Education, I have met with Ms. Esquivel, Director of the Office of Bilingual Education and Minority Language Affairs, several times to discuss issues of mutual concern and to improve coordination between our programs.

SECONDARY EDUCATION NEEDS

Mr. Roybal: Do you agree that the special education needs of students at the secondary level are not yet properly addressed? How does your office plan to deal with this problem?

Dr. Davila: Data submitted under Part B of the Education of the Handicapped Act and follow-up studies on youth who leave secondary schools indicate that many youth with disabilities leave special education programs without the skills necessary for competitive or supported employment.

The Department has continued to support numerous efforts under the Secondary and Transitional Services program and other programs to improve services to students at the secondary level. These efforts have included: improving cooperation between vocational education, special education, and vocational rehabilitation agencies; enhancing community participation through social skills training; and providing job training and placements to youth prior to leaving school to enable them to use school-based supports in making their initial transitions to the world of work.

The Department will continue to support these efforts, and identify and address emerging issues related to the transition of secondary students with disabilities.

HANDICAPPED DROPOUT RATE

Mr. Roybal: The dropout rate among handicapped students is greater than the rest of the population. What coordination is there between your office and the new drop-out prevention initiative to address this problem?

Dr. Davila: The Office of Special Education Programs has been working with the Office of Elementary and Secondary Education to ensure that youth with disabilities are considered an integral part of all activities aimed at dropout prevention. Additionally, the Office of Special Education Programs supports research and demonstration efforts to better understand the problem and develop proactive services to attempt to reduce the numbers of students with disabilities dropping out. The results of these efforts will be shared with other offices.

DROPOUT RATES FOR MAINSTREAMED AND NONMAINSTREAMED CHILDREN

Mr. Early: The Department of Education states that children with disabilities dropout at twice the rate as nonhandicapped children. Is there any difference in the dropout rate between handicapped children who are mainstreamed and children who attend schools strictly for the handicapped?

Dr. Davila: Data on disabled and nondisabled students support the statement that children with disabilities drop out at about twice the rate of nondisabled students. Cohort data from the Office of Special Education Programs' National Longitudinal Transition Study on a sample of 3,045 special education exiters, reported a dropout rate of 36 percent for school years 1985-86 and 1986-87. Cohort data from the National Center for Education Statistics' High School and Beyond Study, describing a sample of 1980 regular school students (primarily nonhandicapped students and some mildly impaired handicapped students), reported a dropout rate of 17.3 percent.

While there are no national data available, several subnational studies show that disabled students who attend separate schools have lower dropout rates than students who are mainstreamed into regular education classes.

TECHNOLOGY FOR THE DISABLED

Mr. Early: Advanced telecommunications and new technology helps bring down many of the barriers brought about by certain disabilities. How does this budget reflect the necessity to bring together the disabled with new technology other than the Special Education Technology Program?

Dr. Davila: The budget request includes an increase of $5,186,000, from $14,814,000 to $20,000,000, for the Technology Assistance program within the Rehabilitation Services and Handicapped Research account. This new program provides grants to States to assist them in developing and implementing statewide programs that facilitate the provision of assistive devices and services to persons with disabilities of all ages. Funds may be used to identify technology-related needs, coordinate resources for delivering technology-related services, provide technology-related training and technology assistance to consumers and service providers, disseminate information on technology devices, and provide assistive devices and services.

Education for the Handicapped projects which will be supported with funds under activities other than the Special Education Technology program include:

- projects that develop artificial intelligence and other computer technology that will assist children who are deaf to learn English.

- The use of interactive videodisc and associated instructional materials to teach phrases in signed English to people with hearing impairments and their hearing associates.
- The development of an integrated software system for graphics-based computer system for people with blindness.
- A project that develops a tactile signing system for deaf-blind children.

MERGER OF DEAF-BLIND AND SEVERELY HANDICAPPED ACTIVITIES

Mr. Early: Included in the administration's fiscal year 1990 appropriation request was a change in authorizing language permitting the consolidation of the deaf-blind account with the severely handicapped account. I strongly disagree with this proposal. I would like to know why the administration changed its opinion on this issue of combining the two programs.

Dr. Davila: The administration has not yet submitted a fiscal year 1991 request by budget activity due to a lack of authorizing legislation. As soon as reauthorizing legislation is enacted, a budget request by activity will be submitted to Congress. Amounts requested for specific activities will be determined at that time. The Department expects to request separate funding for the two activities because the Congress has not responded favorably to the proposal to merge the two programs.

DRUG-EXPOSED CHILDREN AND LEARNING DISABILITIES

Mr. Hoyer: The Budget Justification indicates that 49 percent of 6-21 year olds served are classified as learning disabled, and that more than half of the 102,000 increase in children served in 1989 were learning disabled.

Can you further define this category of the client population for the Committee, and to what extent does it include children affected by exposure to substance abuse?

Dr. Davila: The regulations implementing the Grants to States program define "specific learning disability" as "a disorder in one or more of the basic psychological processes involved in understanding or in using language, spoken or written, which may manifest itself in an imperfect ability to listen, think, speak, read, write, spell, or to do mathematical calculations. The term includes such conditions as perceptual handicaps, brain injury, minimal brain disfunction, dyslexia, and developmental aphasia. The term does not include children who have learning problems which are primarily the result of visual, hearing, or motor handicaps, of mental retardation, of emotional disturbance, or environmental, cultural, or economic disadvantage" (34 CFR 300.4(b)(9)). As this definition indicates, learning disabled children can exhibit a variety of impairments which require special education.

To date, we have no evidence of any relationship between substance abuse and learning disabilities. Research on the influence of prenatal exposure to substance abuse has thus far focused primarily on medical issues, and on children with severe and profound mental and physical sequelae. As this population reaches school age, it is quite likely, however, that learning disabilities may be encountered among some of the children who do not exhibit severe and profound disorders.

USES OF THE PRESCHOOL GRANTS SET-ASIDE

Mr. Hoyer: Is it the case that States may retain up to 25 percent of these funds, and do we know how they are spending it?

Dr. Davila: Under section 619(c)(2) of the Education of the Handicapped Act, as amended by P.L. 99-457, a State may retain up to 25 percent of its Preschool Grants award. Of this amount, up to 20 percent can be used for the planning and development of a comprehensive service delivery system for birth through five year old children with handicaps, and/or for direct and support services for three through five year old children with handicaps. Up to 5 percent can be used for administrative expenses related to the grant. In their applications and annual performance reports, States have indicated that they are using their set-aside funds for activities such as (1) parent training, (2) regional early childhood resource and assistance centers in the State, (3) discretionary grants to local educational agencies or intermediate units that have experienced unusual growth in numbers of preschool children with handicaps, (4) workshops and conferences for special education and related services staff, and (5) interagency coordination and planning for birth through five year old services.

COSTS OF SERVING HANDICAPPED PRESCHOOLERS

Mr. Hoyer: The request provides for a 10 percent increase in the per child expenditure bringing it up to $726 per child. Taken together with the State Grant funds, the per child expenditure provided by the Department for Handicapped children is almost $1,200.

Does the Department have any estimates of the average excess cost associated with providing these children an appropriate free public education, or a percentile breakout of these costs across the country?

Dr. Davila: The Special Education Expenditures Study, which was completed in 1988, collected data on costs for preschool programs for children from birth through age five, in a sample of districts across the United States. The average total expense of their education equalled $5,723 for the 1985-86 school year, or 2.1 times the average cost of educating regular education pupils in pre-kindergarten through 12th grade. The estimated excess cost for preschool special education for children with disabilities was $3,037 for the 1985-86 school year.

However, these data must be received cautiously. The sample was not limited to children aged three through five years, and the inclusion of infants and toddlers in the sample is likely to have affected cost findings. In addition, the survey examined practices in the 1985-86 school year, before the passage of the 1986 Amendments to the Education of the Handicapped Act (EHA), which provided incentives to encourage States to expand services to more handicapped preschoolers. As a result, the cost findings in the study may not reflect accurately the costs of educating handicapped children aged three through five years, particularly after the passage of the 1986 Amendments to the EHA.

DRUG-EXPOSED CHILDREN

Mr. Hoyer: The superintendent of the Prince George's County schools has indicated to me that in some schools, between 20 and 30 percent of the preschoolers entering kindergarten are suffering from developmental and learning problems because of parental substance abuse. This is a critical problem that will be a nightmare for our instructional system and our society if we do not mobilize and prepare.

Do you have estimates of the proportion of Federal funds in handicapped programs that are targeted to these children?

Dr. Davila: We have no estimate of the total proportion of Federal funds that are now targeted to or used for drug-exposed children under the various Federal programs that are authorized to serve handicapped children, including the programs administered by the Department of Health and Human Services. Since States are not required to provide this information, there are also no data regarding what proportion of funds States are using under the Chapter 1 Handicapped program, the Grants to States program, and the Preschool Grants program to serve these children. The Early Childhood Education program is providing about 3 percent of its 1990 funds (about $700,000) to support five demonstration and outreach projects dealing with issues related to the needs of drug-exposed handicapped children.

The Early Childhood Education program is planning to fund additional activities in 1991 and 1992. In 1991, the program will provide $800,000 for a new multi-year Research Institute to develop, field test, and disseminate new or improved interventions for children who are developmentally delayed, or at risk, because of maternal drug or alcohol abuse. The program is also developing several new initiatives for 1991 and 1992 which will deal with, or include, issues related to the needs of drug-exposed children. In its 1991 budget, the Department of Health and Human Services has requested an increase of $100,000,000 in the drug portion of the Alcohol, Drug Abuse, and Mental Health Block grant; $6,000,000 of this increase would be used for the non-medical needs of drug-exposed children.

Mr. Hoyer: What budget and program planning is the Department engaged in to help deal with this problem over the next five years?

Dr. Davila: In fiscal year 1991, we have included language in our Early Childhood Education program model demonstration and outreach priorities that particularly invites applications for

projects that will develop and disseminate model programs for children who were prenatally exposed to drugs.

Also in fiscal year 1991, we will establish a new multi-year early childhood institute that will conduct a program of research and develop and field test interventions for children, aged birth through five years, who were prenatally exposed to street drugs, such as crack cocaine, and children born with Fetal Alcohol Syndrome. We have also included language in our Early Childhood Education priorities that particularly invites applications for projects that will develop and disseminate model programs for drug-exposed children.

In fiscal year 1992, we are planning to include language in our Early Childhood Education model demonstration priority that particularly invites applications for projects that will develop programs for drug-exposed children who are three through five years of age.

CHILDREN AT RISK FOR DEVELOPMENTAL DELAY

Mr. Hoyer: Do you have any data on the extent to which States are serving children "at risk for developmental delay"?

Dr. Davila: Many States are still working on their definitions of eligible children under the Grants for Infants and Families program. Because States are not yet required to have completed their definitions or to report children served, there are not reliable data on the extent to which the States are serving at-risk children.

States are required to provide their definitions of eligible children by the fourth year of their participation in the program; that is in 1990. Therefore, a clearer picture of how many States will be serving at-risk children should emerge after the Department receives State applications for 1990 awards.

DEFINITION OF AT-RISK INFANTS AND TODDLERS

Mr. Hoyer: Can you tell us something about how States are defining "at risk for developmental delay" and how likely the children served under these programs are likely to be at risk because of parental substance abuse?

Dr. Davila: A 1988 study on the definitions of eligible children States were developing under the Grants for Infants and Families program found that approximately 28 States had developed a draft definition of eligible children, and, of those, about 14 were considering including at-risk children. The study found that States were considering both biological and environmental factors as risk criteria and that there was extraordinary variation from State to State as to how States were defining "at risk for developmental delay." Nine States included "parental substance abuse" as an environmental risk factor, while two States included "chemically dependent mother" as a biological risk factor. Thus, 11 of 28 States with a draft definition of eligible children had included children at risk because of parental substance abuse. Since the completion of that study, however, we have been informed by officials in several States that they may exclude at-risk children in their definitions of eligible children. Therefore, we do not know at this time how many States will ultimately include at-risk children in their definitions, how "at risk of developmental delay" will finally be defined by States that do include them, and to what extent drug-exposed children will be included in the definition of at-risk children.

PARENTAL SUBSTANCE ABUSE

Mr. Hoyer: To what extent do the Department's research efforts focus on identifying crack babies or other infants and toddlers who are at risk of developmental delay because of parental substance abuse?

Dr. Davila: In the past few years the Department has supported several projects that have addressed the problems of identifying and serving drug-exposed infants and toddlers. In addition to individual projects, the Department established an early childhood research institute in 1987 to study State policy development and implementation related to the Grants for Infants and Families program. This institute is studying States' policy development activities related to eligibility criteria and child-find procedures, both of which include identification issues related to drug-exposed infants and toddlers.

In fiscal year 1991, we will establish an early childhood institute that will conduct a program of research specifically related to drug-exposed children from birth through 5 years of age. This institute will develop and field test interventions for two populations: children prenatally exposed to drugs, particularly street drugs such as crack cocaine, and children born with Fetal Alcohol Syndrome. A second early childhood institute planned for fiscal year 1991 will conduct a program of research in several States on issues related to the provision of early intervention services. The institute will examine eligibility criteria, identification instruments and procedures, funding sources for service programs, interagency collaboration, and service delivery patterns. This effort should produce important information about the children, including drug-exposed children, eligible for and receiving services as States fully implement their statewide systems of early intervention services under the Grants for Infants and Families program.

USE OF ADDITIONAL RESOURCES FOR DRUG-EXPOSED CHILDREN

Mr. Hoyer: If additional resources were provided to the Department for evaluating and supporting local and State education efforts to prepare for the instructional demands and other needs of the children who have been placed at risk by their substance abusing parents, how would you recommend these funds be used most effectively?

Dr. Davila: We believe that resources could be used most effectively for additional research, demonstration, outreach, and personnel training activities, particularly to develop interventions for children aged birth through eight years old. We believe that interventions to help drug-exposed infants and toddlers could reduce their later need for special education. Drug-exposed children are now beginning to enter the educational system. Yet, little research has been done to identify the needs of these children or the approaches that can best meet their needs. In addition, few early intervention, preschool, or elementary school teachers have been trained to work with these children.

JUSTIFICATION OF THE BUDGET ESTIMATES

DEPARTMENT OF EDUCATION

Education for the Handicapped

Fiscal Year 1991 Budget Request ...... Page No.

Appropriation language E-1

Explanation of language changes E-1

Language analysis E-2

Amounts available for obligation E-3

Budget authority by activity E-4

Budget authority by object E-5

Summary of changes E-6

Authorizing legislation E-7

Table of estimates and appropriations E-8

Significant items in congressional appropriations reports E-9

Justification:

- Account summary E-12
- Activities:
  - 1. State grants:
    - a. Grants to States E-14
    - b. Preschool grants E-18
    - c. Grants for infants and families E-22
  - 2. Special purpose funds:
    - a. Deaf-blind projects E-26
    - b. Severely handicapped projects E-32
    - c. Early childhood education E-35
    - d. Secondary and transitional services E-41
    - e. Postsecondary programs E-45
    - f. Innovation and development E-48
    - g. Media and captioning services E-53
    - h. Special education technology E-57
    - i. Special studies E-61
    - j. Special education personnel development E-65
    - k. Recruitment and information clearinghouses E-71
    - l. Regional resource centers E-75
- State tables E-78

EDUCATION FOR THE HANDICAPPED

For carrying out the Education of the Handicapped Act, [$2,083,776,000] $1,955,556,000, of which [$1,564,017,000] $1,615,125,000 for section 611, [$255,000,000] $257,730,000 for section 619, and [$80,624,000] $82,701,000 for section 685 shall become available for obligation on July 1, [1990] 1991, and shall remain available until September 30, [1991] 1992: Provided, That funds appropriated under section 619 for fiscal year 1989 shall remain available for obligation by States until September 30, 1992. 1/ (Department of Education Appropriations Act, 1990.)

Explanation of Language Changes

1/ Language extending the period of availability for States to obligate 1989 funds has been added. This language would permit States that receive funds remaining from the 1989 appropriation as their 1990 allocations to obligate these funds for the same period of time as they would funds allocated from the 1990 appropriation.

Education for the Handicapped

Language Analysis

Language Provision	Explanation
...$1,955,556,000, of which [$1,564,017,000] $1,615,125,000 for section 611, [$255,000,000] $257,730,000 for section 619, and [$80,624,000] $82,701,000 for section 685 shall become available for obligation on July 1, [1990] 1991, and shall remain available until September 30, [1991] 1992...	This language specifies the amounts for the formula grants to States under the Grants to States program (section 611), the Preschool Grants program (section 619), and the Grants for Infants and Families program (section 685), and makes these funds available for the time period that encompasses the 1991-92 school year.
...Provided, That funds appropriated under section 619 for fiscal year 1989 shall remain available for obligation by States until September 30, 1992.	In 1989 Congress appropriated approximately $8,000,000 more than was needed to provide the statutory maximum of $500 per child for children served and the statutory maximum of $3,800 per child for the additional children expected to be served in the 1989-90 school year and to make adjustments based on the difference between the number of additional children States had estimated they would be serving in the 1988-89 school year and the number actually served. Since these funds remain available for obligation at the Federal level through September 30, 1990, the Department intends to use the remaining 1989 funds to make 1990 allocations. This language permits States that receive 1989 funds for their 1990 allocations to obligate these funds for the same period of time as they would funds allocated from the 1990 appropriation.

Education for the Handicapped

Amounts Available for Obligation

	1989	1990	1991
Appropriation:			
Annual....................	$1,966,438,000	$2,083,776,000	$2,137,421,000 1/
Sequester................	---	-28,521,000	---
Subtotal, adjusted appropriation.....	1,966,438,000	2,055,255,000	2,137,421,000
Comparative transfers to:			
Rehabilitation Services and Handicapped Research for: Technology assistance....	-5,150,000	---	---
Subtotal, comparable budget authority..	1,961,288,000	2,055,255,000	2,137,421,000
Recovery of prior-year obligations..............	5,915,000	---	---
Unobligated balance, start of year...........	539,995,000	366,937	---
Unobligated balance, end of year..............	-366,937,000	---	---
Unobligated balance lapsing..................	-1,501,000	---	---
Total obligations..........	2,138,759,000 2/	2,422,192,000 2/	2,137,421,000

1/ Includes $181,865,000 for Special Purpose Funds that is proposed for later transmittal based on proposed legislation.

2/ Excludes the following amounts for reimbursable activities carried out by this account: 1989 - $260,000; 1990 - $260,000.

Education for the Handicapped

Budget Authority by Activity

	1989 Appropriation	1990 Appropriation	1991 Request
1. State grants:			
(a) Grants to States.......	$1,475,449,000	$1,542,610,000	$1,615,125,000
(b) Preschool grants.......	247,000,000	251,510,000	257,730,000
(c) Grants for infants and families...........	69,831,000	79,520,000	82,701,000
Subtotal.......	1,792,280,000	1,873,640,000	1,955,556,000
2. Special purpose funds:			
(a) Deaf-blind projects....	14,189,000	14,555,000	1/
(b) Severely handicapped projects...............	5,297,000	5,819,000	1/
(c) Early childhood education..............	23,147,000	23,766,000	1/
(d) Secondary and transitional services..	7,284,000	7,989,000	1/
(e) Postsecondary programs.	5,770,000	6,510,000	1/
(f) Innovation and development............	17,026,000	19,825,000	1/
(g) Media and captioning services...............	13,403,000	15,192,000	1/
(h) Special education technology.............	4,730,000	5,425,000	1/
(i) Special studies........	3,594,000	3,545,000	1/
(j) Special education personnel development..	67,095,000	71,000,000	1/
(k) Recruitment and information clearinghouses.........	1,135,000	1,479,000	1/
(l) Regional resource centers................	6,338,000	6,510,000	1/
Subtotal.........	169,008,000	181,615,000	181,865,000
Total................	1,961,288,000	2,055,255,000	2,137,421,000

1/ Amounts for Special Purpose Funds programs in 1991 are proposed for later transmittal based on proposed legislation. The specific amounts to be requested for individual activities will be determined after reauthorizing legislation is enacted.

Education for the Handicapped

Budget Authority by Object

	1989 Appropriation	1990 Appropriation	1991 Request
Other services:			
Project contracts.......	$24,795,000	$26,645,000	$26,645,000
Grants, subsidies and contributions...........	1,936,493,000	1,987,182,000	2,110,776,000
Total...........	1,961,288,000	2,013,827,000	2,137,421,000
(Obligations)...	(2,138,759,000)	(2,422,192,000)	(2,137,421,000)

Education for the Handicapped

Summary of Changes

1990 Appropriation	$2,055,255,000
1991 Request	2,137,421,000 1/
Net change	+82,166,000

1/ Includes $181,865,000 for Special Purpose Funds that is proposed for later transmittal based on proposed legislation.

	1990 base	Change from base
Increases:		
Program:		
1. State grants - Grants to States -- would provide for an increase to help States expand services to additional children and to help cover increases in costs	$1,542,610,000	+$72,515,000
2. State grants - Preschool grants -- would provide for an increase to help States expand services to additional children and to help cover increases in costs	251,510,000	+6,220,000
3. State grants - Grants for infants and families -- would provide for an increase to help States cover increases in costs	79,520,000	+3,181,000
4. Special purpose funds - would provide funding for the national coordinating regional resource center	181,615,000	+250,000
Net change		+82,166,000

Education for the Handicapped

Authorizing Legislation

Activity	1990 Authorized	1990 Appropriation	1991 Authorized	1991 Request
State grants:				
Grants to States (EHA-B-611)	Indefinite	$1,542,610,000	Indefinite	$1,615,125,000
Preschool grants (EHA-B-619)	Indefinite	251,510,000	Indefinite	257,730,000
Grants for infants and families (EHA-H-685)	Indefinite	79,520,000	Indefinite	82,701,000
Special purpose funds:				
Deaf-blind projects (EHA-C-622)	$17,800,000	14,555,000	1/	To be determined
Severely handicapped projects (EHA-C-624)	5,900,000	5,819,000	1/	To be determined
Early childhood education (EHA-C-623)	27,410,000	23,766,000	1/	To be determined
Secondary and transitional services (EHA-C-626)	8,100,000	7,989,000	1/	To be determined
Postsecondary programs (EHA-C-625)	6,600,000	6,510,000	1/	To be determined
Innovation and development (EHA-E)	20,100,000	19,825,000	1/	To be determined
Media and captioning services (EHA-F)	16,540,000	15,192,000	1/	To be determined
Special education technology (EHA-C)	11,025,000	5,425,000	1/	To be determined
Special studies (EHA-B-618)	4,200,000	3,545,000	1/	To be determined
Special education personnel development (EHA-D-631, 632, and 634)	79,000,000	71,000,000	1/	To be determined
Recruitment and information clearinghouses (EHA-D-633)	2,000,000	1,479,000	1/	To be determined
Regional resource centers (EHA-C-621)	7,500,000	6,510,000	1/	To be determined
Unfunded authorizations:				
Architectural barriers removal (EHA-A-607)	Indefinite	---	Indefinite	---
Administration, including technical assistance to States and training (EHA-B-617)	Indefinite	---	Indefinite	---
Total definite authorization	206,175,000		1/	
Total appropriation		2,055,255,000		1,955,556,000

1/ The GEPA extension expires September 30, 1990. Reauthorizing legislation is pending.

Education for the Handicapped

Table of Estimates and Appropriations

	Budget Estimate to Congress	House Allowance	Senate Allowance	Appropriation 1/
1982	$783,508,000	$1,071,031,000	$1,040,050,000	$1,068,580,000
1983	845,623,000 2/	1,103,635,000	1,200,607,000	1,199,357,000
1984	1,110,207,000	1,347,747,000	1,242,575,000	1,240,600,000
1985	1,214,445,000	1,298,540,000	1,320,395,000	1,321,270,000
1986	1,306,100,000	1,320,100,000	1,411,000,000	1,411,000,000
1986 Sequester				-60,664,000
1986 Proposed Rescission	-44,364,000	---	---	---
1987	1,303,100,000	1,494,420,000	1,741,900,000	1,741,900,000
1987 Proposed Rescission	-288,659,000	---	---	---
1988	1,488,181,000	1,913,800,000	1,966,990,000	1,869,019,000
1989	1,916,882,000	1,921,882,000	2,008,623,000	1,966,438,000
1990	2,013,827,000	2,063,827,000	2,083,776,000	2,083,776,000
1990 Sequester				-28,521,000
1991	2,137,421,000 3/			

1/ Reflects enacted supplementals, rescissions, and reappropriations in amounts appropriated prior to fiscal year 1985.

2/ Includes an unspecified amount for Education Consolidation and Improvement Act, Chapter 1 Handicapped activities, which were proposed for consolidation into a block grant in the fiscal year 1983 budget request.

3/ Includes $181,865,000 for Special purpose funds that is proposed for later transmittal under proposed legislation.

Education for the Handicapped

Significant Items in Congressional Appropriations Reports

Item	Action taken or to be taken
1990 House Report	
Media and Captioning Services - Report on Descriptive Video Services	
The Committee requested the Department to provide a report prior to the 1991 hearings on the programmatic, fiscal, and regulatory issues surrounding the development of descriptive video services for the blind.	The Department is developing the report, which is expected to be completed in late spring of 1990. See Conference Report directives.
Media and Captioning Services - Recording for the Blind	
The Committee states that $500,000 of the increase provided for Media and captioning services should be used to expand current programs producing textbooks-on-tape for the blind.	The Department intends to increase funding for recording for the blind by $493,000, from $850,000 to $1,343,000, based on the funds available after sequester. See Senate Report directives.
Media and Captioning Service - Subsidy for Closed-Caption Decoder Production	
The Committee states that no funds have been provided to continue the subsidy of decoders for the hearing impaired, and that the technology is fully developed. The report indicates that the Committee believes that funds previously used for this purpose should be directed towards the development of new technologies for this same population.	No 1990 funds will be used for the subsidy or the development of decoders. Technological development of closed-caption decoders will continue in 1990 under a contract awarded in 1989. The Department plans to provide funding for the development of new technology.

Education for the Handicapped

Significant Items in Congressional Appropriations Reports — Continued

Item	Action taken or to be taken
1990 Senate Report	
Postsecondary Programs - Four Institutions Serving the Deaf	
The Committee states that, of the amount provided for Postsecondary programs, $4,000,000 will be available for continued support to four institutions serving the deaf.	See Conference Report directives.
Media and Captioning Services - Recording for the Blind	
The Committee states that the funds included for Media and captioning services provide an increase of $500,000 for recording for the blind.	The Department intends to increase funding for recording for the blind by $493,000, from $850,000 to $1,343,000, based on the funds available after sequester. See House Report directives.
Media and Captioning Services - Closed-Caption Decoder Chip Development and Other New Technologies	
The Committee states that it has provided $1,000,000 for decoder chip development and development of other new technologies.	Technological development of closed-caption decoders will continue in 1990 under a contract awarded in 1989. The Department plans to provide funding for the development of new technology.
Media and Captioning Services - Descriptive Video Services	
The Committee states that it has provided $1,000,000 for descriptive video services for the blind.	See Conference Report directives.

Education for the Handicapped

Significant Items in Congressional Appropriations Reports -- Continued

Item	Action taken or to be taken
1990 Conference Report	
Postsecondary Programs - Four Institutions Serving the Deaf	
The conferees intend that, of the total amount provided for Postsecondary programs, $2,500,000 be allocated to the four postsecondary education programs serving the deaf.	The Department intends to increase funding for the four postsecondary institutions to $2,466,000 based on the funds available after sequester.
Media and Captioning Services - Descriptive Video Services	
The conferees agreed that the Secretary may use up to $1,000,000 to support the development of descriptive video services for the blind if his study of this technology (See House Report directives.) determines that the technology is commercially viable and there is no significant opposition from the Federal Communication Commission. Should these conditions not be met, funds should be redirected toward other media and captioning activities unless a separate authorization for such a program is enacted into law.	The Department is developing the report requested in the House Report. However, the report will not be completed until late spring of 1991. Given the time needed to complete this report, the absence of current legislation authorizing descriptive video services, and the need to carefully consider various approaches to providing this service, it will not be possible to begin descriptive video services in 1990.
1989 Senate Report	
Report on Severely Emotionally Disturbed Children	
The Committee directs the Secretary of Education to examine various issues related to services to severely emotionally disturbed children and to report his findings by October 1, 1989, along with any legislative, regulatory or administrative changes that may be necessary to correct identified problems.	The Department has awarded a task order to conduct a study addressing the issues raised in the Senate report. It is expected that the Secretary's report and recommendations will be transmitted to Congress by summer 1990.

Education for the Handicapped

Account Summary

	1989 Appropriation	1990 Appropriation	1991 Request
1. State grants:			
(a) Grants to States.......	$1,475,449,000	$1,542,610,000	$1,615,125,000
(b) Preschool grants.......	247,000,000	251,510,000	257,730,000
(c) Grants for infants and families...........	69,831,000	79,520,000	82,701,000
Subtotal.......	1,792,280,000	1,873,640,000	1,955,556,000
2. Special purpose funds:			
(a) Deaf-blind projects....	14,189,000	14,555,000	1/
(b) Severely handicapped projects...............	5,297,000	5,819,000	1/
(c) Early childhood education..............	23,147,000	23,766,000	1/
(d) Secondary and transitional services..	7,284,000	7,989,000	1/
(e) Postsecondary programs.	5,770,000	6,510,000	1/
(f) Innovation and development............	17,026,000	19,825,000	1/
(g) Media and captioning services...............	13,403,000	15,192,000	1/
(h) Special education technology.............	4,730,000	5,425,000	1/
(i) Special studies........	3,594,000	3,545,000	1/
(j) Special education personnel development..	67,095,000	71,000,000	1/
(k) Recruitment and information clearinghouses.........	1,135,000	1,479,000	1/
(l) Regional resource centers................	6,338,000	6,510,000	1/
Subtotal.........	169,008,000	181,615,000	181,865,000
Total................	1,961,288,000	2,055,255,000	2,137,421,000

1/ Amounts for Special Purpose Funds programs in 1991 are proposed for later transmittal based on proposed legislation. The specific amounts to be requested for individual activities will be determined after reauthorizing legislation is enacted.

The purpose of the Education of the Handicapped Act (EHA) is to ensure that all children with handicaps have available to them a free appropriate public education which provides special education and related services designed to meet their unique needs, to ensure that the rights of children with handicaps and their parents or guardians are protected, to assist States and localities in providing for the education of all children with handicaps, and to assess and ensure the effectiveness of efforts to educate children with handicaps.

Education for the Handicapped

Account Summary--Continued

In the EHA Amendments of 1986, Congress revised the Preschool Grants program from an incentive to a mandated program that requires the provision of services to all three through five year old children with handicaps by 1991. In the Amendments, Congress also authorized under Part H, a new program for infants and toddlers with handicaps (from birth through age two) and their families. Funds from this program assist States in developing and implementing a statewide system to provide early intervention services to infants and toddlers and their families and in providing, expanding, and improving early intervention services for these children.

States and localities retain primary responsibility for the education of children with handicaps. Federal special education programs provide leadership and additional fiscal resources for the improvement of special education and related services for children with handicaps. The programs pursue these goals through communicating and disseminating Federal policy and information on the education of children with handicaps, administering formula grants and discretionary programs authorized by the Congress, fostering and supporting research, and sponsoring and encouraging the use of models and best practices.

A total of $1,955,556,000 is requested for the three State Grant programs in the Education for the Handicapped account, an increase of $81,916,000 over the 1990 appropriation level of $1,873,640,000. An increase of $72,515,000 is requested for the Grants to States program, and an increase of $6,220,000 is requested for the Preschool Grants program to help States cover increases in costs and expand services to additional children. The budget proposal provides a per child share of $365 for an estimated 4,425,000 children served under the Grants to States program and a per child share of $726 for an estimated 355,000 children served under the Preschool Grants program. An increase of $3,181,000 is requested for the Grants for Infants and Families program to help States cover increases in costs as they implement their statewide systems of early intervention services.

Special Purpose Funds programs include a wide variety of research, demonstration, training, technical assistance, and other activities directed toward improving services for infants, toddlers, children, and youth with handicaps. These programs are authorized under the General Education Provisions Act (GEPA) extension through September 30, 1990. There is no current authorization for fiscal year 1991. As soon as reauthorizing legislation is enacted, a budget request totaling $181,865,000 will be submitted to Congress for these programs. Amounts requested for specific activities will be determined at that time.

In 1990, approximately $849,000 appropriated for Special Purpose Funds was used to help fund the cost of using field readers to review discretionary grant applications. In 1991, $782,000 is estimated to be used for this purpose.

Education for the Handicapped

1. State grants: a. Grants to States
(Education of the Handicapped Act, Part B, Section 611)

1991 Authorization: Indefinite

Budget Authority:

1990 Appropriation	1991 Request	Increase or Decrease
$1,542,610,000	$1,615,125,000	+$72,515,000

Purpose and Method of Operation

This program awards grants to States, the District of Columbia, Puerto Rico, the Secretary of the Interior, and the Territories to assist them in providing a free appropriate public education for children with handicaps. The Education of the Handicapped Act (EHA) requires that all children aged 3 through 21 be served, except that States are not required to serve children aged 3 through 5 or 18 through 21 if such service is inconsistent with State law or practice or the order of any court. However, the 1986 amendments to the EHA require that States must serve all children with handicaps aged 3 through 5 by fiscal year 1991 in order to count these children.

Funds are distributed by formula grants. Up to 1 percent of the aggregate of the amounts available to all States may be distributed to the Territories. Upon submission of an application, the Secretary of the Interior receives 1.25 percent of the aggregate amounts available to all States. The balance of the funds appropriated is distributed to States based on the number of children with handicaps aged 3 through 21 who States report are receiving special education and related services on December 1 of the fiscal year for which funds have been appropriated. For funding purposes, the number of children counted aged 3 through 17 cannot exceed 12 percent of the total number of children aged 3 through 17 in States that serve all children with handicaps aged 3 through 5; in States that do not serve all children with handicaps aged 3 through 5, the number of children counted aged 5 through 17 cannot exceed 12 percent of the total number of children aged 5 through 17. Funding assists States in providing special education and related services to children with handicaps.

Under the statute, at least 75 percent of the funds appropriated must be distributed by the State educational agencies to local educational agencies and other agencies serving children directly. Of the total funds that a State receives, the State may retain 25 percent. Up to 20 percent may be used by the State to provide support services and direct services to children

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Purpose and Method of Operation -- Continued

with handicaps and for the administrative costs of monitoring and complaint investigation to the extent that such costs exceed the costs incurred in fiscal year 1985; up to 5 percent, or $350,000 (whichever is greater) may be used for other administrative costs.

This is a forward-funded program for which funds are available from July 1, 1991 through September 30, 1992. The level of funding is dependent upon the availability of appropriations.

Accomplishments

The major purpose of the Grants to States program is to assist States and localities in providing a free appropriate public education to all children with handicaps. This assistance is provided in three ways: 1) through financial assistance to States and local educational agencies, 2) the monitoring of State and local programs, and 3) the provision of technical assistance.

In fiscal year 1989, the Grants to States program provided funding to State educational agencies based on a child count of 4,338,000 children. The number of children States reported they were serving on December 1, 1988 increased by 102,000, or 2.4 percent, over the previous year. The number of children reported as served increased in the 3-5 (+12 percent), 6-11 (+5 percent), and 18-21 (+4 percent) age groups, but decreased slightly in the 12-17 age group (-1 percent).

The number of children, aged six through 21 years, who were reported as "learning disabled" increased by 55,356 children. These children represented more than 49 percent of all 6 through 21 year olds served, an increase of 0.71 percent over the previous year. Changes in the percentages of 6 through 21 year olds reported as served in each of the remaining categories were less than 1 percent. There were slight increases over the previous year in the number of children served who were identified as multi-handicapped (+0.03 percent) and other health impaired (+0.08 percent). There were slight decreases from the previous year in the number of children served who were identified as speech impaired (-0.06 percent), mentally retarded (-0.61 percent), and emotionally disturbed (-0.13 percent). There was no percentage change from the previous year in the number of children who were identified as hard of hearing and deaf, orthopedically impaired, visually handicapped, or deaf-blind.

The Department conducted 8 comprehensive compliance reviews during fiscal year 1989. As in 1988, problems continued to be identified in the areas of: State monitoring of local educational agencies, local educational agency applications, placement of students in the least restrictive environment, individualized education programs, and due process and procedural safeguard requirements. During 1989, the Department cleared up its backlog of overdue monitoring reports by issuing 10 final monitoring reports. The Office of

Education for the Handicapped

1. State grants: a. Grants to States

Accomplishments -- Continued

Special Education (OSEP) also initiated a review of the monitoring process to identify refinements needed to improve the process. OSEP expects this review to be completed in fiscal year 1990.

During 1989, the Department continued to emphasize: 1) the implementation of the least restrictive environment provision of the EHA for children with handicaps, including the severely handicapped, 2) the General Education Initiative that seeks to expand and improve special education and general education services in the regular classroom for children with handicaps, and 3) the improvement of transitional services for youth with handicaps. During 1989, the Department also continued to support activities that would assist States in expanding their programs for preschool children. These activities are discussed in the section on Preschool Grants.

In 1989, the Department continued to support the statutorily-mandated longitudinal study of secondary students with disabilities. This study is discussed in the section on Special Studies.

In addition, as requested by the Senate Appropriations Committee, the Department undertook a study dealing with the identification of and services to children with serious emotional disturbance. The Department expects to transmit the study findings and its recommendations to the Congress within the next few months.

1991 Budget Proposal

In fiscal year 1991, $1,615,125,000 is requested for the Grants to States program to assist States in providing a free appropriate public education to children with handicaps. This request would provide an increase of $72,515,000, or 4.7 percent, over the 1990 appropriation to assist States in expanding services to additional children and to help cover increases in costs.

The request would provide an average of $365 for each of the 4,425,000 children estimated to be counted and served in 1991. This is an increase of $13 per child over the 1990 appropriation for an estimated 44,000 additional children. The 1991 request would cover about 7 percent of the estimated $5,207 average excess cost associated with educating children with handicaps in 1991, which would maintain the 1990 Federal share of the excess cost.

Education for the Handicapped

1. State grants: a. Grants to States

Impact Data	1989	1990	1991
Children served....	4,338,000	4,381,000 2/	4,425,000 2/
Share per child....	$340	$352	$365

Fiscal Year	Child Count 1/	Funding	Share Per Child
1977	3,485,000	$251,770,000	$72
1978	3,561,000	566,030,000	159
1979	3,700,000	804,000,000	217
1980	3,803,000	874,500,000	230
1981	3,941,000	874,500,000	222
1982	3,990,000	931,008,000	233
1983	4,053,000	1,017,900,000	251
1984	4,096,000	1,068,875,000	261
1985	4,124,000	1,135,145,000	275
1986	4,121,000	1,163,282,000	282
1987	4,167,000	1,338,000,000	321
1988	4,236,000	1,431,737,000	338
1989	4,338,000 2/	1,475,449,000	340
1990	4,381,000 2/	1,542,610,000	352
1991	4,425,000 2/	1,615,125,000	365

1/ Child count numbers reflect the count used for distribution of funds on July 1 of each fiscal year. Adjustments occur periodically during the period of availability.

2/ Estimate.

Education for the Handicapped

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1. State grants: b. Preschool grants
   (Education of the Handicapped Act, Part B, Section 619)

1991 Authorization: Indefinite

Budget authority:

1990 Appropriation	1991 Request	Increase or Decrease
$251,510,000	$257,730,000	+6,220,000

Purpose and Method of Operation

To assist States in serving 3 through 5 year old children with handicaps, the program awards formula grants to States on the basis of the number of children in this age range receiving special education and related services. Each child who has received special education and related services can be counted twice, once for allocations under the Grants to States program and again for allocations under the Preschool Grants program.

The Education of the Handicapped Act Amendments of 1986 changed the Preschool Grants program from an incentive to a mandated program that requires the provision of services to all 3 through 5 year old children with handicaps after a phase-in period, which ends in 1991. For fiscal years 1987 through 1990, States can receive funds under the Preschool Grants program as long as they serve some 3 through 5 year old children with handicaps. To remain eligible for the Preschool Grants program beginning in fiscal year 1991, however, States must serve all 3 through 5 year old children with handicaps. In addition, States can count 3 through 5 year old children under the Grants to States program only if they are eligible for a Preschool Grant; therefore, States that do not serve all 3 through 5 year olds with handicaps by fiscal year 1991 will not be eligible to count these children under the Grants to States program. Furthermore, States will not be eligible to receive grants under the EHA discretionary programs for programs, projects, and activities pertaining to children aged 3 through 5 years.

For fiscal years 1987 through 1989, States received allocations for Preschool Grants based on the number of 3 through 5 year old children with handicaps reported as served on that year's December 1 child count and the number of additional children they estimated would be served by the following December 1 child count. Upward or downward adjustments to the previous year's allocations, based on the difference between the number estimated to be served and the number actually served, were made in the subsequent fiscal year.

Purpose and Method of Operation -- Continued

Adjustments to the fiscal year 1989 allocations, based on the difference between the number estimated to be served in the 1989-90 school year and the number actually served by December 1, 1989, will be made in fiscal year 1990. In fiscal year 1990 and thereafter, allocations are based only on the number of children reported as served on December 1 of the fiscal year for which allocations will be made.

At least 75 percent of the funds allocated must be passed through by the State educational agencies to local educational agencies and other agencies directly serving 3 through 5 year old children with handicaps. States can retain up to 25 percent of the funds allocated to them. They can use up to 20 percent for the planning and development of a comprehensive delivery system for handicapped children aged birth through 5 years and for direct and support services for children with handicaps aged 3 through 5 years. States can use up to 5 percent for administrative costs.

This is a forward-funded program for which funds are available from July 1, 1991 through September 30, 1992. The level of funding is dependent upon the availability of appropriations.

Accomplishments

In 1989, all States and Territories applied for funds. After adjustments had been made and funds allocated at the statutory maximum for the children served and the additional children expected to be served, approximately $8,000,000 remained from the 1989 appropriation. The Department intends to use the 1989 remainder for 1990 allocations.

The number of children aged 3 through 5 years reported as served on December 1, 1988 increased by approximately 35,000, or 12 percent, over the number reported on December 1, 1987. The total number reported as served increased from 288,000 to 323,000 children. This large increase was expected. It includes 11,000 children who had been counted in 1988 for upward adjustments to the 1987 award based on the difference between the additional children States had estimated they would be serving in the 1987-88 school year and the number actually served. For calculating adjustments for 1987 in 1988, Congress authorized a one-time extension of the child count. The extension permitted States to receive bonus awards for those preschool children who, although they were not served by December 1, 1987, were receiving services by March 1, 1988. The extension did not permit States to count these children as served in 1988, and, therefore, they are included for the first time in the 1989 child count. The increase also includes the 22,000 additional children States had estimated they would be serving on December 1, 1988, for whom they had received bonus funds in 1988, as well as 2,000 additional children for whom States received upward adjustments in their 1989 awards.

Accomplishments -- Continued

In 1989, States estimated that they would be serving an additional 23,000 children by the next December 1 child count. Since 1990 is the last year in which States can receive, through upward adjustments, funds for additional children served, it is expected that the 1990 child count will grow about 5,000 above the 23,000 States have estimated. As a result, it is expected that the 1990 child count will be 351,000.

During 1989, States and Territories continued to work on legislation that would assure a free appropriate public education (FAPE) to all 3 through 5 year olds with handicaps by 1991. As of August 1989, 30 of the 57 entities eligible for Preschool Grants reported that they had mandates in place that were effective for either the 1988-89 or 1989-90 school year. Seven States reported that they have or plan to have mandates that would be effective in the 1990-91 school year. Sixteen States reported that they plan to have mandates by the 1991-92 school year. Two States and 2 Territories have not provided information regarding when their mandates would become effective.

In 1989, the Department continued to support activities that would assist States in implementing their preschool programs for children with handicaps. Activities included: continuation of grants dealing with the development of models for integrated preschool services; continuation of the National Early Childhood Technical Assistance System, which provides technical assistance to States on issues relating to children with handicaps, aged birth through 8 years; and continuation of the Early Childhood Research Institute on Transitions, which addresses issues related to transitions from home to preschool and from preschool to integrated services and classrooms. In addition, the Department funded a new five-year cooperative agreement for an Early Childhood Research Institute on Integration, which will develop, field-test, and disseminate intervention strategies that improve the integration of children with handicaps into a range of preschool, child-care, pre-kindergarten, and kindergarten programs that are available to children without handicaps in local communities.

1991 Budget Proposal

For 1991, $257,730,000 is requested, an increase of $6,220,000, or 2.5 percent, over the 1990 appropriation. This request would provide $726 per child for an estimated 355,000 children, including 4,000 additional children who are expected to be served in 1991. The request would increase the share per child served under the Preschool Grants program by $64, or almost 10 percent, over the 1990 share. It would provide a total share per child of $1,091 for each child aged 3 through 5 years served under the Education of the Handicapped Act.

Education for the Handicapped

1. State grants: b. Preschool grants

1991 Budget Proposal — Continued

The 1991 proposal includes a legislative change that would extend the period of availability at the State level for one additional year, so that States could obligate 1989 funds through September 30, 1992, the same period for which 1990 funds can be obligated. This change would enable States that receive funds remaining from the 1989 appropriation as their 1990 allocations to use these funds as they would funds allocated from the 1990 appropriation.

Impact Data	1989	1990	1991
Children served..........	323,000	351,000 1/	355,000 1/
Share per child served...	$500	$662 2/	$726
Additional children to be served............	23,000 3/	---	---
Share per child to be served...............	$3,800	---	---

Fiscal Year	Child Count 4/	Funding	Share Per Child Served
1977	197,000	$12,500,000	$64
1978	201,000	15,000,000	81
1979	215,000	17,500,000	81
1980	232,000	25,000,000	108
1981	237,000	25,000,000	105
1982	228,000	24,000,000	105
1983	242,000	25,000,000	103
1984	243,000	26,330,000	108
1985	260,000	29,000,000	112
1986	261,000	28,710,000	110
1987	266,000	180,000,000	300
1988	288,000	201,054,000	400
1989	323,000	247,000,000	500
1990	351,000 1/	251,510,000	662
1991	355,000 1/	257,730,000	726

1/ Estimate.

2/ Based on the 1990 appropriation, less $19,000,000 for upward adjustments at $3,800 per child for an additional 5,000 children.

3/ Total of State estimates for fiscal year 1989 allocations.

4/ Child count numbers reflect the count that was used for distribution of funds on July 1 of each fiscal year.

Education for the Handicapped

1. State grants: c. Grants for infants and families
(Education of the Handicapped Act, Part H)

1991 Authorization: Indefinite

Budget authority:

1990 Appropriation	1991 Request	Increase or Decrease
$79,520,000	$82,701,000	+$3,181,000

Purpose and Method of Operation

Grants for Infants and Families is a formula grant program that was authorized by the Education of the Handicapped Act Amendments of 1986. The purpose of the program is to assist States in developing and implementing statewide systems of coordinated, comprehensive, multi-disciplinary, interagency programs to provide early intervention services to all infants and toddlers, aged birth through two years old, with handicaps, and their families. Children served under the program are those infants and toddlers who are experiencing developmental delays in cognitive development, physical development, language and speech development, psychosocial development, or self-help skills, or who have a disagnosed physical or mental condition that has a high probability of resulting in developmental delay. At their discretion, States may also include infants and toddlers who are at risk of having substantial developmental delays if early intervention services are not provided. Within statutory limits, "developmental delay" has the meaning given the term by each State.

Funds allocated under the program can be used for the following purposes: 1) to develop and implement the statewide system described above, 2) for direct services that are not otherwise provided from other public or private sources, and 3) to expand and improve on services that are otherwise available.

Allocations are based upon the number of children in the general population aged birth through two years old, except that no State may receive less than 0.5 percent of the funds available to all States.

To be eligible for a grant, a State must establish a statewide system providing early intervention services to all handicapped children, aged birth through two, and their families, designate the lead agency that will be responsible for the coordination and administration of funds, and establish a State Interagency Coordinating Council to advise and assist the lead agency. To continue eligibility, the statewide system must be in effect no later than the beginning of the fourth year of a State's participation in the program and fully implemented by the fifth year.

Purpose and Method of Operation -- Continued

This is a forward-funded program for which funds are available from July 1, 1991 through September 30, 1992. The level of funding is dependent upon the availability of appropriations.

Accomplishments

As of December 1989, a total of 45 States and territories had applied for 1989 grants. The remaining 13 entities have indicated that they also intend to apply for 1989 grants.

In 1989, the Department continued to support a variety of activities to assist States in developing and implementing effective comprehensive interagency statewide systems of early intervention services. For example, the Department continued support for the National Early Childhood Technical Assistance System (NEC*TAS), which provides technical assistance to help States develop multi-disciplinary, coordinated, and comprehensive services for children with handicaps, aged birth through eight years, and their families. In June, NEC*TAS coordinated the third annual meeting for State personnel involved in implementing the Grants for Infants and Families program. This meeting centered on interagency development of the 14 components of the statewide system. NEC*TAS also held national meetings on the following topics: financing the statewide system, determining eligibility for early intervention services, placing handicapped infants and toddlers in the least restrictive environment, and developing the Individualized Family Service Plan. It continued to provide additional technical assistance to States through individual and regional meetings.

The Department continued its funding of the following research institutes: the Institute on Personnel, which seeks to develop materials for helping personnel deliver early intervention services to infants and toddlers with handicaps; the Institute on Effectiveness, which focuses on the long-term effectiveness of early intervention for children with handicaps; and the Institute on Transitions, which includes intervention strategies related to the transitions of infants and toddlers with handicaps. In addition, the Department funded a new Research Institute on Intervention, which focuses on developing new or improved organizational structures relating to the identification, referral, and intervention process for infants and toddlers with handicaps.

The Department also funded 14 new grants for projects that would coordinate activities with the lead agency for the Grants for Infants and Families program for project models dealing with infants and toddlers with severe disabilities, chronic health problems, and models for children with handicaps who had been previously unserved or underserved.

Education for the Handicapped

1. State grants: c. Grants for infants and families

Accomplishments -- Continued

In 1989, the Department continued to work with States to develop their data collection systems on the number of infants and toddlers with handicaps who are receiving early intervention services. In May, Department staff met with State representatives to discuss how States can resolve their data collection problems and to provide assistance to help them develop their data collection systems.

Thirty-eight States voluntarily provided data in 1989 on the number of children, aged birth through two years, whom they were serving under State programs other than the Chapter 1 State-Supported or Operated program. These data, however, must be viewed with great caution. Nineteen of the 38 States providing the data indicated that they could not assure that the data were completely accurate. Factors that could contribute to errors in these data include: double counting of a child by more than one agency (leading to an inflated count), and the inability of some agencies or regions to provide counts on the numbers served (leading to an inaccurately low count).

In 1989, the Federal Interagency Coordinating Council enlarged its membership to include three parent representatives. Two additional Federal offices -- the National Institute of Mental Health and the Health Care Financing Administration -- agreed to participate on the Council. The Memorandum of Understanding has been revised to include them. The Council worked with NEC*TAS to plan the annual meeting discussed above.

1991 Budget Proposal

For 1991, $82,701,000 is requested. This represents an increase of $3,181,000, or 4 percent, over the 1990 appropriation. The increase will assist States in meeting increases in costs as they begin to provide services to all handicapped infants and toddlers and their families in 1991.

Education for the Handicapped

1. State grants: c. Grants for infants and families

Impact Data	1989	1990	1991
Estimated age 0-2, 1/ general population	11,000,000	11,006,000	10,968,000
Age 0-2 receiving early intervention services	55,591 2/	---	---

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1/ Bureau of Census, Projections of the Population of the United States by Age, Sex, and Race: 1988 to 2080 (middle series)(January, 1989).

2/ These data do not include 34,429 children who were receiving early intervention services under the Chapter 1 State-Supported or Operated program.

These data were provided voluntarily by 38 States. As discussed in the "Accomplishments" section, these data must be viewed cautiously. As a result, estimates for 1990 and 1991 cannot be made.

2. Special purpose funds: a. Deaf-blind projects (Education of the Handicapped Act, Part C, Section 622)

1991 Authorization: To be determined 1/

Budget Authority:

1990 Appropriation	1991 2/ Request	Increase or 2/ Decrease
$14,555,000	---	---

1/ The GEPA extension expires September 30, 1990. Reauthorizing legislation is pending.

2/ The specific amounts requested for individual activities will be determined after reauthorizing legislation is enacted.

Purpose and Method of Operation

The current purpose of the Deaf-Blind Projects activity is to assist States in providing special education and related services to children who are both deaf and blind.

Grants, contracts, and cooperative agreements are authorized for public and private, profit and nonprofit, organizations and institutions. Awards are made on a competitive basis in the first year and are usually renewed on a noncompetitive basis for two succeeding fiscal years. Priorities address a wide variety of areas, including validation and utilization of exemplary practices, implementing statewide systems changes, and the development of innovative interventions.

In addition, cooperative agreements are made with single and multi-State projects to provide services to children the States are not required to serve and technical assistance to States for children whom States are required to serve. Direct services to children whom the States are required to serve are also permitted when a project has met all of its other direct service and technical assistance requirements.

Cooperative agreements providing technical assistance to State and multi-State projects and technical assistance to State educational agencies regarding transitional services are also supported.

This is a current-funded program for which funds are available from October 1 to September 30. The level of funding is dependent upon the availability of appropriations.

The Senate has passed S. 1824, the Education of Individuals with Disabilities Act of 1989, which would extend and amend the authorization for the Deaf-Blind Projects program.

Purpose and Method of Operation — Continued

Significant changes included in this legislation are summarized below:

- The scope of the program would be expanded to specifically include early intervention services.
- The specific authorization for providing technical assistance regarding transitional services would no longer be limited to deaf-blind individuals who have reached age 22.
- An authority to conduct research, demonstrations, training, pilot projects, technical assistance, and other activities would be added.
- A national center on deaf-blindness would be mandated.
- Single and multi-State centers would be authorized to conduct pilot projects.
- Authority to fund projects for the purposes of section 624 of the Education of the Handicapped Act (including research, development, demonstrations, training, and dissemination activities) would be deleted.
- Authority to conduct extended school year demonstration projects for severely handicapped, including deaf-blind, children and youth, would be removed from this program and placed in the Severely Handicapped program.

Accomplishments

When the Deaf-Blind Projects program began in 1968, support was provided only for State and multi-State projects. The program was part of the response to the special needs of deaf-blind children born during the rubella epidemic of 1963-1965. At the time the program was enacted, many deaf-blind children were receiving very limited services, if any. With the enactment and implementation of the Education for All Handicapped Children Act (Public Law 94-142), States assumed responsibility for educating children with handicaps, including those who are both deaf and blind. This created an overlap of responsibilities.

A 1983 study of these deaf-blind projects by the American Institutes for Research indicated that States were capable of fulfilling their responsibilities for providing services to deaf-blind children under the Education of the Handicapped Act. Therefore, in 1983, the program emphasis and direction were shifted to serving children not required to be served by the States, and to providing technical assistance and training to the States.

The need for direct services to deaf-blind children not required to be served by the States has declined as States expand the age ranges for which they mandate services. At the present time, only about 500 of the deaf-blind children benefitting from the projects are not covered by State mandates. The Education of the Handicapped Act Amendments of 1986 have accelerated this expansion by requiring States to serve children from age three through five by 1991.

Accomplishments — Continued

Projects supported in 1989 include:

1. State and Multi-State Projects ($6,879,000; 44 new grants). Projects provide special education and related services to deaf-blind children whom States are not obligated to serve, and technical assistance to ensure that States have the expertise to serve children whom they are obligated to serve.

2. Technical Assistance to State and Multi-State Grantees ($940,000; 1 continuation cooperative agreement). This project: (1) supports model sites where deaf-blind children are being educated in least restrictive environments; (2) provides training to service providers; (3) applies research findings; and (4) replicates effective practices in educating children who are deaf-blind. The recipient is the Association for Persons with Severe Handicaps, Seattle, Washington.

3. Technical Assistance for Transitional Services for Deaf-Blind Youth ($1,195,000; 1 new cooperative agreement). This project facilitates the transition of deaf-blind youth starting at age 22 from education to employment and other services through: (1) technical assistance to providers of transitional services; (2) training paraprofessionals, professionals, and parents; and (3) assistance in developing innovative approaches for rehabilitation, semi-supervised, or independent living programs. The grantee is the Helen Keller National Center for Deaf-Blind Youth and Adults, Sands Point, New York.

4. Transition Skills Development for Severely Handicapped Youth including Deaf-Blind Youth ($310,000; 4 continuation grants). These projects focus on the development of skills in youth who are severely handicapped, including those who are deaf-blind, that facilitate their transition from education to employment and service options.

5. Inservice Training Projects ($632,000; 8 continuation grants). Projects support inservice training that addresses the need for qualified personnel to serve children who are severely handicapped, including deaf-blind.

6. Supported Employment for Deaf-Blind Youth ($152,000; 1 continuation grant). This project teaches on-the-job skills; employee-employer relations; and job acquisition, placement, and retention skills. Where appropriate, the project also provides employment support on a long-term basis. The project serves youth whose handicaps are so severe that they have not been eligible for vocational rehabilitation services. The grantee is San Diego State University, San Diego, California.

7. Non-Directed Demonstration and Research Projects for Deaf-Blind Children and Youth ($769,000; 7 continuation grants). Projects demonstrate innovative and effective approaches in such areas as curriculum design and the provision of related services for the education of deaf-blind children.

Accomplishments — Continued

8. Communication Skills Development for Deaf-Blind Children and Youth ($303,000; 3 continuation grants). These projects identify problems in developing communication skills in children who are deaf-blind and design and demonstrate innovative programs to resolve these problems. Highlights of the projects include: (1) exploration of microswitch technology to develop social awareness; (2) development of "input" and "output" communication models that can be used by children, parents, siblings, and service providers; and (3) development of communication assessment and enhancement procedures. The grantees are: Kent State University Foundation, Ohio; Oregon Research Institute; and University of Southern Mississippi.

9. Extended School Year ($70,000; 1 continuation grant). This project supports the design, implementation, and dissemination of information about innovative practices that provide extended school year activities for children who are severely handicapped. The grantee is Focus, Inc., Jonesboro, Arkansas.

10. Statewide Systems Change ($1,491,000; 4 new cooperative agreements and 3 continuation cooperative agreements). Projects develop, in conjunction with the Education of the Handicapped, Part B State plan, activities to improve the quality of special education and related services in the State for severely handicapped children and youth, including those who are deaf-blind, and to change the delivery of these services from segregated to integrated environments.

11. Innovations for Meeting Special Problems of Children with Deaf-Blindness in the Context of Regular Education Settings ($147,000; 1 new grant). This project is establishing a model that facilitates the movement of learners with dual sensory handicaps into regular education classrooms. The project focuses on the unique needs of students at all functional levels, and emphasizes transdisciplinary efforts in seeking to accomplish goals of individual education programs. The grantee is the University of Washington, Seattle, Washington.

12. Validated Practices: Children with Deaf-Blindness ($775,000; 6 new grants). These projects validate findings regarding the relative effectiveness of different solutions to problems in serving deaf-blind children. Examples of activities validated include: (1) procedures used to facilitate routine family interactions with deaf-blind infants; (2) practices for improving social interaction skills of youth with deaf-blindness in supported employment settings; (3) inservice training procedures for teachers; and (4) the use of tactile devices with infants and preschoolers.

13. Utilization of Innovative Practices for Children with Deaf-Blindness ($515,000; 4 new grants). These projects develop procedures and materials to teach service providers to recognize communication opportunities for children with deaf-blindness and promote the

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Accomplishments -- Continued

acquisition of communication skills; facilitate community-based instruction and integration with nonhandicapped peers; and develop procedures for planning and implementing transition services.

A contract was awarded to the COSMOS Corporation late in 1985 to conduct evaluations of five programs in the Special Purpose Funds area including the demonstration projects under Deaf-Blind Projects and Severely Handicapped Projects. In response to this evaluation the Department:

- Intends to revise the program selection criteria to facilitate the incorporation of validated practices.
- Is considering the establishment of a program component responsible for dissemination of the best incorporated practices as part of its initiative to ensure that service providers have access to valid and useful information.

1991 Budget Proposal

As soon as reauthorizing legislation is enacted, a budget request in the amount of $181,865,000 for Education for the Handicapped, Special Purpose Funds, will be submitted to Congress. Amounts requested for specific activities will be determined at that time.

Education for the Handicapped

2. Special purpose funds: a. Deaf-blind projects

Impact Data	1989	1990	1991 1/
Program funding			
State/Multi-State projects:			
New	$6,879,000	$2,352,000	
Continuation	---	5,286,000	
Subtotal	6,879,000	7,638,000	
Technical assistance:			
New	1,195,000	940,000	
Continuation	940,000	---	
Subtotal	2,135,000	940,000	
Demonstration, evaluation, and other:			
New	2,267,000	2,426,000	
Continuation	2,908,000	3,551,000	
Subtotal	5,175,000	5,977,000	
Total:			
New	10,341,000	5,718,000	
Continuation	3,848,000	8,837,000	
Total	14,189,000	14,555,000	
Number of projects 2/			
State/Multi-State projects:			
New	44	12	
Continuation	---	35	
Subtotal	44	47	
Technical assistance:			
New	1	1	
Continuation	1	1	
Subtotal	2	2	
Demonstration, evaluation, and other:			
New	15	10	
Continuation	28	26	
Subtotal	43	36	
Total:			
New	60	23	
Continuation	29	62	
Total	89	85	

1/ Not available due to pending legislation.

2/ Includes continuation projects funded for more than one year from prior year appropriations.

Education for the Handicapped

2. Special purpose funds: b. Severely handicapped projects (Education of the Handicapped Act, Part C, Section 624)

1991 Authorization: To be determined 1/

Budget Authority:

1990 Appropriation	1991 2/ Request	Increase or 2/ Decrease
$5,819,000	---	---

1/ The GEPA extension expires September 30, 1990. Reauthorizing legislation is pending.

2/ The specific amounts requested for individual activities will be determined after reauthorizing legislation is enacted.

Purpose and Method of Operation

The current purpose of the Severely Handicapped Projects activity is to address the special needs of severely handicapped children and youth.

Grants, contracts, and cooperative agreements are authorized for public and private, profit and nonprofit, organizations and institutions. Awards are authorized for a wide range of activities including research, development, demonstrations, training, and dissemination. Awards are made competitively in the first year, and are usually renewed on a noncompetitive basis for two succeeding fiscal years.

This is a current-funded program for which funds are available from October 1 to September 30. The level of funding is dependent upon the availability of appropriations.

The Senate has passed S. 1824, the Education of Individuals with Disabilities Act of 1989, which would extend the authorization for the Severely Handicapped Projects program, and amend it to specifically authorize extended school year demonstrations.

Accomplishments

Projects were originally funded primarily to address popular misconceptions about the learning limitations of children with severe handicaps. With the passage of the Education for All Handicapped Children Act, the emphasis of these projects shifted to improving and expanding the types of services available. More recently, an emphasis has been placed on assisting in the placement of children with severe handicaps in the least restrictive environments.

Projects supported in 1989 included:

1. Education of Severely Handicapped in the Least Restrictive Environment ($300,000; 3 continuation grants). Projects develop models for delivering

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Accomplishments — Continued

integrated services to severely disabled children currently in segregated environments; facilitate placement of these children in appropriate, regular school settings; train personnel in local educational agencies who will serve these children; and promote the acceptance of these children by administrators, teachers, parents, and other children.

2. Non-Directed Demonstration and Research Projects: Severely Handicapped Children and Youth ($997,000; 9 continuation grants). These projects develop or demonstrate approaches that will contribute to the adjustment and education of severely handicapped children; and conduct research to identify and meet specific educational or related needs of these children.

3. Statewide Systems Change ($1,120,000; 5 continuation cooperative agreements). See the Deaf-Blind Projects narrative for a description of these projects.

4. Most Severely Handicapped Children and Youth Model Projects ($375,000; 3 continuation grants). These projects design, implement, and evaluate innovative approaches for educating the most severely handicapped children and youth, including those who are traumatically head injured, medically dependent, multi-sensory impaired, or severely behaviorally disordered. Projects include ongoing coordinated planning among providers of health and educational services and emphasize the active integration of the participating children with nonhandicapped peers.

5. Inservice Training Projects ($755,000; 9 continuation grants). See the Deaf-Blind Projects narrative for a description of these projects.

6. Utilization of Innovative Practices for Children with Severe Handicaps ($541,000; 5 new grants). Projects promote the adoption and use of innovative practices for the education of students with severe handicaps. Two projects provide inservice training to teachers, related service personnel, and administrators to improve their knowledge base and skill levels. Two projects provide inservice training to local and State educational agencies to improve the quality of integrated education for students with severe handicaps. The fifth project is adapting an innovative communication skills model designed for children who are deaf-blind for use in training other children with multiple handicaps.

7. Validated Practices: Children with Severe Handicaps ($462,000; 4 new grants). Projects test solutions to specific problems in the delivery of special education and related services to students with severe handicaps.

8. Innovations for Meeting Special Problems of Children with Severe Handicaps in the Context of Regular Education Settings ($583,000; 5 new grants). These projects promote the utilization, validation, and replication of strategies to ensure full participation and effective education of severely handicapped students in regular education settings.

9. Evaluation Project ($106,000; 1 new contract). The COSMOS Corporation is conducting an evaluation of selected discretionary programs over a

Accomplishments — Continued

five year period. The primary objective of this project is to provide information related to the achievement of program goals and to enhance program planning, design, implementation, and performance.

10. Study on Services to Severely Emotionally Disturbed Students ($55,000; 1 new contract). This study, which was directed in the fiscal year 1989 Senate appropriations committee report, will examine the issue of services to children who are emotionally disturbed. Included in the topics addressed are: (1) whether significant numbers of children with serious emotional disturbance are not receiving a free appropriate public education; (2) whether problems in appropriately serving such children are affected by inconsistencies in terminology, definitions, and criteria across agencies and States; and (3) whether inconsistencies in Federal policies relating to terminology, definitions, and criteria across agencies impedes the identification and effective delivery of services to such children and their families.

A contract was awarded to the COSMOS Corporation late in 1985 to conduct evaluations of five programs in the Special Purpose Funds area including the demonstration projects under Deaf-Blind Projects and Severely Handicapped Projects. See the Deaf-Blind Programs narrative for a description of the Department's actions in response to this evaluation.

1991 Budget Proposal

As soon as reauthorizing legislation is enacted, a budget request in the amount of $181,865,000 for Education for the Handicapped, Special Purpose Funds, will be submitted to Congress. Amounts requested for specific activities will be determined at that time.

Impact Data	1989	1990	1991 1/
Program funding			
Demonstration, evaluation, and other:			
New	$1,750,000	$2,147,000	
Continuation	3,547,000	3,672,000	
Total	5,297,000	5,819,000	
Number of projects			
Demonstration, evaluation, and other:			
New	16	15	
Continuation	29	29	
Total	45	44	

1/ Not available due to pending legislation.

2. Special purpose funds: c. Early childhood education (Education of the Handicapped Act, Part C, Section 623)

1991 Authorization: To be determined 1/

Budget Authority:

1990 Appropriation	1991 2/ Request	Increase or 2/ Decrease
$23,766,000	---	---

1/ The GEPA extension expires September 30, 1990. Reauthorizing legislation is pending.

2/ The specific amounts requested for individual activities will be determined after reauthorizing legislation is enacted.

Purpose and Method of Operation

The current purpose of the Early Childhood Education program is to improve special education and early intervention services for infants, toddlers, and children with handicaps birth through eight years of age through research, demonstration, training, technical assistance, and dissemination activities. Grants, contracts, and cooperative agreements are authorized to public agencies and private nonprofit organizations.

The primary use of funds in this activity is for demonstration and outreach grants. Awards are made on a competitive basis in the first year, and are usually renewed on a noncompetitive basis for two succeeding fiscal years. Outreach projects support the dissemination and adoption of successful early childhood interventions. Demonstration and outreach awards may generally not exceed 90 percent of the total cost of a project.

Other activities supported under the program include:

- technical assistance to State agencies and to recipients of demonstration and outreach awards;
- experimental and research projects including research institutes; and
- special projects such as evaluations and conferences.

This is a current-funded program for which funds are available from October 1 to September 30. The level of funding is dependent upon the availability of appropriations.

The Senate has passed S. 1824, the Education of Individuals with Disabilities Act of 1989, which would extend and amend the authorization for the Early Childhood Education program.

Purpose and Method of Operation -- Continued

Significant changes included in this legislation are summarized below:

- Projects dealing with early identification, transition, assistive technology, prenatal substance abuse, and research synthesis would be specifically authorized.

- Projects would be required to include activities and services designed to facilitate the speech or other communication mode of children with disabilities.

Accomplishments

The 1986 amendments to the Education of the Handicapped Act created the Grants for Infants and Families program for children with handicaps birth through age 2 and provided a deadline by which States must provide special education services to all children with handicaps ages 3 through 5. In response to this new legislation, additional emphasis in the Early Childhood Education program was placed on assisting the States to serve these children.

A contract was awarded to the COSMOS Corporation late in 1985 to conduct goal and strategy evaluations of five programs in the Special Purpose Funds area including the Early Childhood Education program. The results of the goal and strategy evaluations of the Early Childhood Education program were summarized in the Congressional Justification for the 1990 request.

Projects supported in 1989 included:

1. Infants with Severe Disabilities ($524,000; 4 continuation grants). Projects focus on integrating hospital and community-based programs, follow-along and transition services, family day care providers, and culturally relevant services (e.g., Native American).

2. Multi-disciplinary Training Programs for Child Care Personnel ($1,250,000; 10 new grants and 8 continuation grants forward funded in prior year). These projects develop and evaluate inservice training models for preparing personnel to serve infants, toddlers, and preschool children with handicaps. Grantees provide both multidisciplinary training and ongoing technical assistance to child care personnel.

3. Nondirected Demonstration Projects ($2,009,000; 6 new grants and 11 continuation grants). Projects develop and demonstrate new approaches to serving children with handicaps ages birth through eight and their families. Projects support a range of activities such as serving infants in hospital neonatal intensive care units, preparing day care providers and settings to accommodate young children with disabilities, developing service delivery strategies in rural areas, and utilizing technology.

4. Nondirected Experimental Projects ($1,123,000; 3 new grants and 4 continuation grants forward funded for 3 years). Projects investigate alternate interventions for serving infants, toddlers, or preschool-aged children with handicaps. New projects are investigating enhancing

Accomplishments — Continued

mastery behaviors in young children with severe cognitive delays, the effectiveness of various types of assistance to families of children with handicaps, and developmental intervention with very low birth weight infants in a neonatal intensive care unit.

5. Outreach State and Multi-State Projects ($8,984,000; 14 new grants and 23 continuation grants). These projects implement proven infant, toddler, or early childhood models in single or multiple States. These projects coordinate activities with the lead agency for the Infants and Toddlers program (Part H of the Education of the Handicapped Act) or the State Educational Agency for Special Education and Related Services.

6. Early Childhood Technical Assistance Center ($2,568,000; 1 continuation contract). The center provides technical assistance (TA) to State agencies to promote the development of Statewide comprehensive services for children with handicaps, aged birth through eight, and their families. Some of the major on going activities include operating a clearinghouse of information and materials, conducting needs assessments and obtaining annual TA agreements with each State agency and other appropriate entities, and planning and conducting special topical meetings. The center also provides technical assistance to other Early Childhood Education projects. The contractor is the University of North Carolina, Chapel Hill, North Carolina.

7. Research on Early Childhood Program Features ($195,000; 3 continuation cooperative agreements). These projects conduct research on the relative effects of language interventions or social skills interventions on children with handicaps ages birth through five years, and provide professionals replicable components that can be incorporated in infant, toddler, or preschool programs. One project compares the effectiveness of various teaching methods in different environments. Two of the projects focus on the social development of children with handicaps. The recipients are Vanderbilt University (2 projects), Nashville, Tennessee, and the University of Pittsburgh, Pittsburgh, Pennsylvania.

8. Early Childhood Research Institute - Personnel ($675,000; 1 continuation cooperative agreement). This institute develops, evaluates, and disseminates curricula and materials for training special education and related services personnel. The institute focuses on materials and curricula related to working with families, interacting with professionals from other disciplines, determining when other specialists must be consulted, developing an individualized family service plan, and accessing emerging information and research findings. The recipient is the University of North Carolina, Chapel Hill, North Carolina.

9. Early Intervention Effectiveness Institute ($1,000,000; 1 continuation contract). The goal of the institutes is to determine the long-term effectiveness of early intervention on children with disabilities. The institute is investigating the intensity of services, age at start of services, and variations in type of services. The contractor is Utah State University, Development Center for Handicapped Persons, Logan, Utah.

Accomplishments -- Continued

10. Early Childhood Research Institute - Transitions ($720,000; 1 continuation cooperative agreement). This institute develops, field tests, and disseminates strategies to improve the early childhood transitions of children with handicaps and their families. Areas covered include the transitions from hospital to home and infant services, from home to preschool, and from specialized to integrated services. The recipient is the University of Kansas, Lawrence, Kansas.

11. Early Childhood Research - Integration ($746,000; 1 new cooperative agreement). This institute develops field tests, and disseminates intervention strategies that improve the integration of children with handicaps into preschool, child care, pre-kindergarten, and kindergarten programs that are available to nonhandicapped children. Emphasis is on four areas: (1) curriculum modification and validation; (2) friendship and parent concerns; (3) longitudinal outcomes; and (4) policy development and implementation. The recipient is the University of Pittsburgh, Pittsburgh, Pennsylvania.

12. Early Childhood Research Institute - Intervention ($700,000; 1 new cooperative agreement). This institute conducts research on interventions for infants and toddlers to develop new organizational structures relating to the identification, referral, and intervention process. The recipient is Children's Hospital Corporation, Boston, Massachusetts.

13. Small Business Innovative Research (SBIR) Projects ($697,000; 8 new contracts). The Department of Education reserves a statutory percentage of extramural research and development budgets to be awarded to small business concerns for research or research and development conducted through a uniform three-phase process. In fiscal year 1989, 171 proposals were received in response to the Department of Education's SBIR solicitation. A total of 25 new Phase 1 projects were funded in this program. Topics included the following: (1) Development or Adaptation of Devices, Mechanisms, or Techniques for Disabled Individuals; (2) Reducing or Elimination of Environmental Barriers for Disabled Students; (3) Innovative Technologies to Enhance Job Development, Job Modifications, or Job Opportunities for Disabled Individuals; (4) Development of Management Information System Software Concerned with the Needs of Disabled Individuals and Their Families; and (5) Development or Adaptation of Innovative Technologies to Enhance Learning and Development of Young Disabled Children.

14. Evaluation Project ($186,000; 1 new contract). See the Severely Handicapped Projects narrative for a description of this project.

1991 Budget Proposal

As soon as reauthorizing legislation is enacted, a budget request in the amount of $181,865,000 for Education for the Handicapped, Special Purpose Funds, will be submitted to Congress. Amounts requested for specific activities will be determined at that time.

Education for the Handicapped

2. Special purpose funds: c. Early childhood education

Impact Data	1989	1990	1991 1/
Program funding			
Demonstrations:			
New	$1,930,000	$5,171,000	
Continuation	1,853,000	2,125,000	
Subtotal	3,783,000	7,296,000	
Outreach:			
New	5,872,000	2,500,000	
Continuation	3,112,000	3,300,000	
Subtotal	8,984,000	5,800,000	
Experimental:			
New	1,123,000	---	
Research:			
New	1,446,000	1,900,000	
Continuation	4,344,000	5,100,000	
Subtotal	5,790,000	7,000,000	
Technical assistance:			
Continuation	2,568,000	2,232,000	
Special projects and other:			
New	899,000	1,238,000	
Continuation	---	200,000	
Total	899,000	1,438,000	
Total:			
New	11,270,000	10,809,000	
Continuation	11,877,000	12,957,000	
Total	23,147,000	23,766,000	

1/ Not available due to pending legislation.

Education for the Handicapped

2. Special purpose funds: c. Early childhood education

Impact Data	1989	1990	1991 [1]
Number of projects [2]			
Demonstrations:			
New	16	23	
Continuation	45	31	
Subtotal	61	54	
Outreach:			
New	14	20	
Continuation	23	37	
Subtotal	37	57	
Experimental:			
New	3	---	
Continuation	6	9	
Subtotal	9	9	
Research:			
New	2	5	
Continuation	12	13	
Subtotal	14	18	
Technical assistance:			
Continuation	1	1	
Special projects and other:			
New	9	8	
Continuation	---	1	
Total	9	9	
Total:			
New	44	56	
Continuation	87	92	
Total	131	148	

[1] Not available due to pending legislation.

[2] Includes continuation projects funded for more than one year from prior year appropriations.

2. Special purpose funds: d. Secondary and transitional services (Education of the Handicapped Act, Part C, Section 626)

1991 Authorization: To be determined 1/

Budget Authority:

1990 Appropriation	1991 2/ Request	Increase or 2/ Decrease
$7,989,000	---	---

1/ The GEPA extension expires September 30, 1990. Reauthorizing legislation is pending.

2/ The specific amounts requested for individual activities will be determined after reauthorizing legislation is enacted.

Purpose and Method of Operation

The current Secondary and Transitional Services program has three purposes:

- to strengthen and coordinate education, training, and related services for handicapped youth in order to assist them in the transition to postsecondary education, vocational training, competitive employment, supported employment, continuing education, or adult services;
- to stimulate the improvement and development of programs for secondary special education; and
- to stimulate the improvement of the vocational and life skills of handicapped students to better prepare them for transition to adult life and services.

Awards are authorized to institutions of higher education, State educational agencies, local educational agencies, and other appropriate public and private nonprofit institutions and agencies.

Projects assisted may include demonstrations, evaluations, studies, and research and development activities in a wide variety of areas related to secondary and transitional services. However, the primary use of funds in this activity is for demonstration grants. Awards are made on a competitive basis in the first year, and are usually renewed on a noncompetitive basis for two succeeding fiscal years. Direct participation of handicapped students and the parents of handicapped students in the planning, development, and implementation of projects is encouraged to the extent appropriate.

This is a current-funded program for which funds are available from October 1 to September 30. The level of funding is dependent upon the availability of appropriations.

Purpose and Method of Operation -- Continued

The Senate has passed S. 1824, the Education of Individuals with Disabilities Act of 1989, which would extend and amend the authorization for the Secondary and Transitional Services program. Significant changes included in this legislation are summarized below:

- The scope of the program would be expanded to include such transitions as those from medical care to special education and from residential placement to community-based special education services.
- The program would be expanded to include children below age 12 or seventh grade.
- At least 5 awards would be required to be made based on joint applications from State educational agencies and State vocational rehabilitation agencies.
- Awards dealing with the transition to independent living; the use of assistive technology; training of nurses, educators, and other personnel; a census of health care needs; and other activities would be specifically authorized.

Accomplishments

The Secondary and Transitional Services program was authorized by the Education of the Handicapped Act Amendments of 1983, and funded for the first time in fiscal year 1984. Since that time, awards have been made for research into transitional strategies, secondary education, and cooperative planning, and for service demonstration models. In addition, two institutes have been funded.

Projects supported in 1989 include:

1. Cooperative Models for Planning and Developing Transitional Services ($1,153,793; 11 continuation grants). Projects improve or expand transitional services. Several projects concentrate on the transitional problems of students who have recently left school. The majority of the projects develop State and local interagency networks, and linkages among community agencies, local educational agencies, and colleges.

2. Models for Providing Secondary Mainstreamed Learning Disabled and Other Mildly Handicapped Students with Job-Related Training ($1,024,764; 10 continuation grants). Projects focus on youth with learning disabilities or mild handicaps in mainstream secondary programs who have not participated in a program which leads directly to employment. Most projects provide pre-transitional services, transitional services, career education, inservice training for teaching staff, community vocational training, social skills training, and career counseling.

Accomplishments -- Continued

3. Social Skills Research ($1,016,409; 8 continuation grants). Projects examine the influence of personal and environmental variables on the adjustment to school, work, and the community. Projects stress the importance of social networks in reducing social isolation and provided support in overcoming problems in integration. Projects cover a range of disabilities from mild to severe.

4. Training and Employment ($919,994; 9 new grants and 10 continuation grants). Projects prepare and place youth with severe handicaps in supported work prior to leaving school. They emphasize collaboration with employers; measurement of employer and youth satisfaction; program evaluation including continuing employment status; interagency collaboration; and working partnerships with families.

5. Follow-up/Follow-Along Projects ($1,796,510; 7 new grants and 7 continuation grants). These awards support school and community-based model projects to improve tracking systems for youth with handicaps who complete or leave secondary education. The purpose of the projects is to document the impact of transition services on students completing or leaving secondary programs and to improve services leading to improved participation in community life. Projects enhance existing follow-up/follow-along procedures and revise existing curriculum and/or program options to improve outcomes.

6. Family Network Projects ($293,750; 3 new grants). These model projects build on existing transition planning processes to assist youth with handicaps and their families in identifying, accessing, and using networks to obtain support and services to maximize independence. Barriers to obtaining support and services are also identified and strategies developed and tested for overcoming them.

7. Institute in Intervention Effectiveness ($735,000; 1 continuation contract). The institute's objectives are to conduct research on the efficacy of interventions in assisting students to make the transition from school to work, and to provide technical assistance on program evaluation to other Special Purpose Funds projects. The contractor is the University of Illinois, Urbana, Illinois.

8. Small Business Innovative Research Projects ($25,000; 1 new contract). See the narrative for the Early Childhood Education program for a description of this project.

9. Evaluation Project ($74,000; 1 new contract). See the narrative for the Early Childhood Education program for a description of this project.

A contract was awarded to the COSMOS Corporation late in 1985 to conduct evaluations of five programs in the Special Purpose Funds area including the Secondary and Transitional Services program. In response to this evaluation the Department is studying the possibility of initiating a regional outreach competition in 1991.

Education for the Handicapped

2. Special purpose funds: d. Secondary and transitional services

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1991 Budget Proposal

As soon as reauthorizing legislation is enacted, a budget request in the amount of $181,865,000 for Education for the Handicapped, Special Purpose Funds, will be submitted to Congress. Amounts requested for specific activities will be determined at that time.

Impact Data	1989	1990	1/ 1991
Program funding			
Research and demonstration:			
New	$2,269,000	$2,439,000	
Continuations	4,133,000	4,110,000	
Subtotal	6,402,000	6,549,000	
Institute:			
New	---	735,000	
Continuations	735,000	---	
Subtotal	735,000	735,000	
Special projects and other:			
New	147,000	705,000	
Total:			
New	2,416,000	3,879,000	
Continuations	4,868,000	4,110,000	
Total	7,284,000	7,989,000	
Number of projects 2/			
Research and demonstration:			
New	19	15	
Continuations	46	26	
Subtotal	65	41	
Institute:			
New	---	1	
Continuations	1	1	
Subtotal	1	1	
Special projects and other:			
New	2	---	
Total:			
New	21	16	
Continuations	47	26	
Total	68	42	

1/ Not available due to pending legislation.

2/ Includes continuation projects funded for more than one year from prior year appropriations.

2. Special purpose funds: e. Postsecondary programs
(Education of the Handicapped Act, Part C, Section 625)

1991 Authorization: To be determined 1/

Budget Authority:

1990 Appropriation	1991 2/ Request	Increase or 2/ Decrease
$6,510,000	---	---

1/ The GEPA extension expires September 30, 1990. Reauthorizing legislation is pending.

2/ The specific amounts requested for individual activities will be determined after reauthorizing legislation is enacted.

Purpose and Method of Operation

The current purpose of the Postsecondary Programs activity is to provide assistance for the development, operation, and dissemination of model programs of postsecondary, vocational, technical, continuing, and adult education for handicapped individuals. Awards are authorized to State educational agencies, institutions of higher education, junior and community colleges, vocational and technical institutions, and other nonprofit educational agencies.

The primary use of funds in this activity is for demonstration grants. Awards are made on a competitive basis in the first year, and are usually renewed on a noncompetitive basis for two succeeding fiscal years.

The current Act also requires that at least $2,000,000 of the funds available under this program be awarded to four institutions serving deaf students. New awards were made to four institutions for a five-year period in 1989.

This is a current-funded program for which funds are available from October 1 to September 30. The level of funding is dependent upon the availability of appropriations.

The Senate has passed S. 1824, the Education of Individuals with Disabilities Act of 1989, which would extend the authorization for Postsecondary Programs, and amend it to increase the required funding for four institutions serving deaf students from $2,000,000 to $4,000,000.

Accomplishments

Postsecondary schools providing services to deaf students have been continuously supported since 1975. The demonstration component of Postsecondary Programs was begun in 1976 with awards to three colleges for the purpose of integrating handicapped students into both the academic and

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Accomplishments — Continued

social environments at the institutions. Objectives of these projects were to locate handicapped students, identify their needs, and provide support services. More recently, the projects have been focused on specific needs such as education in the least restrictive environment and employment-related training.

Projects supported in 1989 included:

1. Regional Programs for the Deaf ($2,029,000; 4 new grants). These centers provided specially designed or modified model programs of support services. The centers must also stimulate and develop model statewide, regional, and national programs to improve access to postsecondary education for deaf students, including the fostering of cooperative and consortia arrangements. Grantees are the University of Tennessee, California State University/Northridge, St. Paul Technical Vocational Institute, and Seattle Community College.

2. Postsecondary Opportunities ($1,586,000; 14 continuation grants). Projects focus on services for individuals with specific learning disabilities, particularly in regular postsecondary and vocational educational settings. These model demonstration projects adapt or design programs that coordinate, facilitate, and encourage the education of individuals who are handicapped with their nonhandicapped peers. The projects' activities include: (1) single-campus based demonstration activities; (2) collaborative and inter-institutional efforts that expanded options and placements for students; (3) transition projects that began while students were in secondary programs; (4) multi-state and statewide efforts at networking, using a trainer-of-trainers model in some projects; and (5) curriculum enhancements designed to facilitate training for entry into occupational areas.

3. Vocational Outcome Demonstrations ($1,974,000; 9 new grants and 11 continuation grants). These projects focus on vocational outcomes for youth who have recently completed or left secondary educational programs, and on short-term educational interventions necessary to assist youth to secure competitive employment. Some of the projects' activities include services to: (1) persons with learning disabilities and mild mental retardation; (2) recently arrested, incarcerated youth with learning disabilities or mild mental retardation; (3) persons with visual impairments, emotional disorders, and mental retardation; and (4) persons with less severe handicapping conditions in an adult education program.

1991 Budget Proposal

As soon as reauthorizing legislation is enacted, a budget request in the amount of $181,865,000 for Education for the Handicapped, Special Purpose Funds, will be submitted to Congress. Amounts requested for specific activities will be determined at that time.

Education for the Handicapped

2. Special purpose funds: e. Postsecondary programs

Impact Data	1989	1990	1991 1/
Program funding			
Institutions serving the deaf:			
New	$2,029,000	---	
Continuation	---	$2,493,000	
Subtotal	2,029,000	2,493,000	
Demonstrations and other:			
New	830,000	1,820,000	
Continuation	2,911,000	2,197,000	
Subtotal	3,741,000	4,017,000	
Total:			
New	2,859,000	1,820,000	
Continuation	2,911,000	4,690,000	
Total	5,770,000	6,510,000	
Number of projects 2/			
Institutions serving the deaf:			
New	4	---	
Continuation	---	4	
Subtotal	4	4	
Demonstrations and other:			
New	9	18	
Continuation	26	20	
Subtotal	35	38	
Total:			
New	13	18	
Continuation	26	24	
Total	39	42	

1/ Not available due to pending legislation.

2/ Includes continuation projects funded for more than one year from prior year appropriations.

2. Special purpose funds: f. Innovation and development (Education of the Handicapped Act, Part E)

1991 Authorization: To be determined 1/

Budget Authority:

1990 Appropriation	1991 2/ Request	Increase or 2/ Decrease
$19,825,000	---	---

1/ The GEPA extension expires September 30, 1990. Reauthorizing legislation is pending.

2/ The specific amounts requested for individual activities will be determined after reauthorizing legislation is enacted.

Purpose and Method of Operation

The current purposes of the Innovation and Development program are to:

- support research and related activities to assist special education, related service, early intervention, and other appropriate personnel, including parents, in improving services to children with handicaps; and
- conduct research, surveys, and demonstrations related to the provision of services to children with handicaps.

In general, awards may be made to State and local educational agencies, institutions of higher education, and nonprofit private organizations. Awards may be made to profit-making organizations only for contracts dealing with physical education or recreation-related research.

Most awards are grants made on a competitive basis in the first year, and renewed on a noncompetitive basis for the two succeeding fiscal years.

This is a current-funded program for which funds are available from October 1 to September 30. The level of funding is dependent upon the availability of appropriations.

The Senate has passed S. 1824, the Education of Individuals with Disabilities Act of 1989, which would extend and amend the authorization for this program. In addition to authorizing new activities under the Innovation and Development program, this legislation would shift a number of activities currently authorized under section 618 of the Education of the Handicapped Act for the Special Studies program to the Innovation and Development program. Significant changes included in this legislation are summarized below:

- Numerous examples of authorized activities would be included.
- Awards to improve program management, administration, delivery, and effectiveness would be required. These awards would have to address, at a

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Purpose and Method of Operation -- Continued

minimum, nine specified areas. Awards would also have to address the information needs of State and local educational agencies. At least 30 percent of the funds appropriated for Innovation and Development would be required to be spent in this area.

- The Secretary would be required to develop and implement a process for the ongoing identification of national program information needs for improving the management, administration, delivery, and effectiveness of programs and services provided under the EHA.
- Studies to assess progress in the implementation of the EHA previously authorized under section 618 for Special Studies would be authorized under the Innovation and Development program.
- Three new studies would be required dealing with related services, disparity among States regarding the placement in various educational settings, and the decline in the number of children classified as having a specific disability.
- The Secretary would be required to make awards to organize, synthesize, interpret, and integrate information gathered in program management studies and in studies to assess progress in the implementation of the EHA.
- Cooperative agreements with State agencies to assess the impact of the EHA, previously authorized under section 618 for Special Studies, would be authorized under the Innovation and Development program.
- Coordination would be required with research priorities established by the National Institute for Disability and Rehabilitation Research and other agencies, and information on priorities would be required to be provided to the National Council on Disability and to the Bureau of Indian Affairs Advisory Committee for Exceptional Children.

Accomplishments

This program is one of the oldest continuous sources of Federal funding for studies in the field of special education.

Projects supported in 1989 included:

1. Field Initiated Research ($7,238,000; 15 new grants and 45 continuation grants). Projects support a broad range of field-initiated activities focusing on special education, related services, and early intervention services. Areas covered include math and science instruction, social skills, training special education teachers to be coaches of regular education teachers, and using incentives to encourage low-income parents to use intervention services. In addition, two longitudinal studies identify urban learning disabled students at risk of dropping out while another study follows preschool children receiving two different intervention treatments as they moved into elementary schools.

Accomplishments — Continued

2. Student Initiated Research ($180,000; 20 new grants). These projects support student researchers in special education and early intervention. Projects provide new knowledge and understanding, verify the effectiveness of current practices, and develop refined approaches to educating children and youth in a number of settings, of different ages, and with various handicapping conditions.

3. Research for Educating Seriously Emotionally Disturbed (SED) Students ($1,165,000; 5 continuation grants). Projects develop and test interventions for educating students who are seriously emotionally disturbed in regular education settings at the upper elementary and secondary level. By the final year of the projects, students will be appropriately integrated within general education programs.

4. Early Childhood Research Institute - Policy ($665,000; 1 continuation cooperative agreement). This institute conducts research on early intervention service policy for infants and toddlers and their families. Policy analyses, case studies, surveys, interviews, literature syntheses, and cost studies are used to carry out the research. Emphasis is placed on strategies to overcome implementation barriers. State-by-State information is developed on funding patterns, numbers and kinds of service personnel, and the status of personnel preparation. The awardee is the University of North Carolina, Chapel Hill, North Carolina.

5. School Building Models for Educating Students with Handicaps in General Education Settings ($1,016,000; 6 continuation grants). These projects develop, implement, and evaluate school building models for educating students with handicaps in elementary, middle, and high school general education settings.

6. Home and School Cooperation in Social and Motivational Development ($473,000; 3 continuation grants). Projects are field testing approaches to increasing home, school, and community cooperation in promoting social and motivational development in general elementary classrooms.

7. Research Institute on Placement and Integration of Children with Severe Handicaps ($641,000; 1 continuation cooperative agreement). The institute is studying best educational practices for students with severe multiple disabilities in integrated placements. Technical assistance is also provided to States on the best integrated programming practices. San Francisco State University (SFSU) collaborates with the Association for Persons with Severe Handicaps (TASH) on the project, with SFSU providing research and TASH providing technical assistance.

8. Educating Learning Disabled and Mildly Handicapped Students in General Education Classrooms ($1,363,000; 9 continuation grants). Projects support research on the effect of modified classroom and management practices on educating students who are mildly handicapped and learning disabled in general education classrooms. Projects translate research findings into practices, develop strategies to modify practices, and identify the types of students for whom the practices are effective.

Accomplishments -- Continued

9. Research Implementation and Demonstrations ($2,221,000; 13 continuation grants). Projects support collaboration between local educational agencies and researchers in translating validated research findings into new or improved approaches for educating children with handicaps. Several projects concentrate on teaching students strategies to improve their own performance. Others focus on improving teaching in specific content areas through computer assisted instruction, reciprocal teaching, dialogue journals, and cooperative learning.

10. Research on General Education Teacher Planning and Adaptation for Students with Handicaps ($1,079,000; 4 new grants). These projects support research to improve teacher planning, individualization, and adaptation of curricula and instruction in general education classrooms.

11. Research on General Education - Science or Math Curricula ($550,000; 1 new grant forward funded). This project will analyze general education mathematics curricula for kindergarten through grade 8 and develop alternative curricular approaches for mainstreamed students. The grantee is the University of Oregon, Eugene, Oregon.

12. ERIC Clearinghouse on the Handicapped and Gifted and Talented Children ($160,000; 1 continuation contract). The clearinghouse is disseminating information on special education research in progress; establishing an ongoing collaborative mechanism to provide products and services related to special education research; and developing a collaborative mechanism for reviewing research results and responding to emerging issues. The contractor is the Council for Exceptional Children, Reston, Virginia.

13. Organization for Economic Cooperation and Development (OECD) ($155,000; 1 new contract). This study of OECD member countries is determining successful regular school approaches in educating children. The Department and OECD are examining policies and practices in member countries and determining methods of disseminating information to developing nations. Additional funding is provided by OECD.

1991 Budget Proposal

As soon as reauthorizing legislation is enacted, a budget request in the amount of $181,865,000 for Education for the Handicapped, Special Purpose Funds, will be submitted to Congress. Amounts requested for specific activities will be determined at that time.

Education for the Handicapped

2. Special purpose funds: f. Innovation and development

Impact Data	1989	1990	1991 1/
Program Funding			
Knowledge development:			
New	$3,449,000	$4,261,000	
Continuations	8,419,000	5,476,000	
Subtotal	11,868,000	9,737,000	
Institutes:			
Continuations	1,306,000	1,260,000	
Development of applications:			
New	---	700,000	
Continuations	1,016,000	1,085,000	
Subtotal	1,016,000	1,785,000	
Knowledge transfer:			
Continuations	2,381,000	2,805,000	
Capacity building:			
New	180,000	450,000	
Other:			
New	275,000	3,788,000	
Total:			
New	3,904,000	9,199,000	
Continuations	13,122,000	10,626,000	
Subtotal	17,026,000	19,825,000	
Number of projects 2/			
Knowledge development:			
New	20	35	
Continuations	62	33	
Subtotal	82	68	
Institutes:			
Continuations	2	2	
Development of applications:			
New	---	4	
Continuations	6	6	
Subtotal	6	10	
Knowledge transfer:			
Continuations	15	15	
Capacity building:			
New	20	19	
Other:			
New	1	---	
Total:			
New	41	58	
Continuations	85	56	
Subtotal	126	114	

1/ Not available due to pending legislation.

2/ Includes continuation projects funded for more than one year from prior year appropriations.

2. Special purpose funds: g. Media and captioning services (Education of the Handicapped Act, Part F)

1991 Authorization: To be determined 1/

Budget Authority:

1990 Appropriation	1991 2/ Request	Increase or 2/ Decrease
$15,192,000	---	---

1/ The GEPA extension expires September 30, 1990. Reauthorizing legislation is pending.

2/ The specific amounts requested for individual activities will be determined after reauthorizing legislation is enacted.

Purpose and Method of Operation

The current purpose of the Media and Captioning Services program is to promote the use of various media by handicapped individuals. In 1958, the Congress authorized a program to produce and lend captioned films to deaf persons. This law was later expanded to include the provision of media services for all handicapped persons. The primary focus of the current program is on captioning of films and closed captioning of television. In addition, funds are awarded to the National Theater of the Deaf and Recording for the Blind, Inc.

Projects are generally awarded for a period of one to three years. Profit and nonprofit, public and private agencies, organizations, and institutions are eligible for awards. Prior to the Education of the Handicapped Act Amendments of 1986, these projects and those supported by the Special Education Technology program were funded under the Media Services and Captioned Films program.

This is a current-funded program for which funds are available from October 1 to September 30. The level of funding is dependent upon the availability of appropriations.

The Senate has passed S. 1824, the Education of Individuals with Disabilities Act of 1989, which would extend and amend the authorization for the Media and Captioning Services program. Significant changes included in this legislation are summarized below:

- Specific authority would be included to support audio description and distribution of video materials and films for blind and visually impaired individuals.
- An authority to support awards to nonprofit organizations for the purpose of providing cultural experiences to deaf and hard of hearing individuals would be added.

Education for the Handicapped

2. Special purpose funds: g. Media and captioning services

Accomplishments

Examples of program accomplishments are summarized below:

- A system for captioning and distributing commercial films has been developed and expanded. In 1988, captioning of these films was extended to video cassettes.

- Support from this program was instrumental in the development of the closed-captioned television system, which enables deaf and hearing impaired persons to use special decoders to read television program captions that are not visible to other viewers.

- Activities related to the design, production, and distribution of closed caption decoder units have been supported. Since their introduction in 1980, over 200,000 decoders have been sold.

- Closed captioning of television programs has been expanded significantly.

Projects supported in 1989 included:

1. Captioned Films for the Deaf ($1,585,000; 32 new educational film contracts)($1,550,000; 20 new theatrical film contracts). Educational and theatrical films were purchased and leased for inclusion in the films distribution system. Ninety-nine educational titles are being captioned based on recommendations by teachers and administrators. Forty-seven theatrical titles are being captioned based on recommendations by screening groups representing a cross section of persons who are deaf.

2. Screening of Films ($63,000; 1 continuation contract). This project screens and evaluates theatrical films, and promotes participation in the Captioned Films for the Deaf program. The contractor is the National Association of the Deaf, Silver Spring, Maryland.

3. Captioning Process ($504,000; 1 continuation contract). This project supports the evaluation and selection activity for educational films. The Contractor is Modern Talking Picture Service, Washington, D.C.

4. Distribution System for Captioned Films ($1,000,000; 1 new contract). This contract supports a distribution system for captioned educational and theatrical films to qualified persons with hearing impairments. The system circulates captioned educational films to schools, and theatrical and adult educational films to groups of hearing impaired persons. The contractor is Modern Talking Picture Service, Washington, D.C.

5. Closed Captioned Movies, Mini-Series, and Specials for TV ($750,000; 1 new contract). This contract makes available 500 hours of closed captioned television programs. Programs include movies, mini-series, specials, regular season series, and day-time dramas. The contractor is the National Captioning Institute, Falls Church, Virginia.

6. Closed Captioned Real-Time News ($2,000,000; 1 continuation cooperative agreement). This award provides real-time captioning of national news

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Accomplishments -- Continued

and other public information programs. The recipient is the National Captioning Institute, Falls Church, Virginia.

7. Closed Captioned National Television Programming ($950,000; 1 continuation cooperative agreement). This project supports closed captioning of syndicated programs. The project is intended to leverage funds for captioning from the syndication industry, thereby increasing the total number of hours captioned. The awardee is WGBH Educational Foundation, the Caption Center, Boston, Massachusetts.

8. Closed Captioned Local and Regional News ($785,000; 7 new grants and 9 continuation grants). These projects support the development of closed captioned news services for local television stations.

9. Closed Captioned Children's Television Programming ($1,000,000; 1 continuation cooperative agreement). This project supports closed captioned national, syndicated, and public broadcasting programs for children who are hearing impaired. The recipient is the National Captioning Institute, Falls Church, Virginia.

10. Closed Captioned Sports Programs ($500,000; 1 continuation cooperative agreement). This project provides closed captioning of sports programs. The grantee is the National Captioning Institute, Falls, Church, Virginia.

11. Manufacture and Distribution of a Closed-Captioned Line-21 Decoder ($1,000,000; 1 new cooperative agreement). Under this project the price of over 33,000 TC4000 line-21 closed-caption decoders has been reduced by $20, from about $180 to about $160. The project also supports public awareness activities designed to stimulate decoder sales. The awardee is the National Captioning Institute, Falls Church, Virginia.

12. Recording for the Blind, Inc., Princeton, New Jersey ($850,000; 1 continuation contract). These funds continue support for tape-recording textbooks for learners who are visually impaired and print-handicapped.

13. National Theatre of the Deaf, Inc., Washington, D.C. ($500,000; 1 new grant). This project conducted a five-week training school for actors with hearing impairments who, in turn, are conducting national tours through which role models are provided for children with disabilities.

14. Evaluation Project ($39,000; 1 new contract). See the Severely Handicapped Projects narrative for a description of this project.

15. Small Business Innovative Research Projects ($262,000; 3 continuation contracts jointly funded with other Special Purpose Funds programs). See the narrative for the Early Childhood Education program for a description of this project.

Education for the Handicapped

2. Special purpose funds: g. Media and captioning services

1991 Budget Proposal

As soon as reauthorizing legislation is enacted, a budget request in the amount of $181,865,000 for Education for the Handicapped, Special Purpose Funds, will be submitted to Congress. Amounts requested for specific activities will be determined at that time.

Impact Data	1989	1990	1991 1/
Program Funding			
Captioning - Films	$4,702,000	2/	
Captioning - Television			
Program captioning	5,985,000	2/	
Decoder subsidy	1,000,000	---	
Subtotal	6,985,000	2/	
Recording for the Blind	850,000	$1,343,000	
Theater of the Deaf	500,000	2/	
Other	366,000	2/	
Total	13,403,000	15,192,000	
Number of projects			
Captioning - Films	55	2/	
Captioning - Television			
Program captioning	21	2/	
Decoder subsidy	1	---	
Subtotal	22	2/	
Recording for the Blind	1	1	
Theater of the Deaf	1	1	
Other	4		
Total	83	2/	

1/ Not available due to pending legislation.

2/ Estimate unavailable at this time.

2. Special purpose funds: h. Special education technology (Education of the Handicapped Act, Part G)

1991 Authorization: To be determined 1/

Budget Authority:

1990 Appropriation	1991 2/ Request	Increase or 2/ Decrease
$5,425,000	---	---

1/ The GEPA extension expires September 30, 1990. Reauthorizing legislation is pending.

2/ The specific amounts requested for individual activities will be determined after reauthorizing legislation is enacted.

Purpose and Method of Operation

The current purpose of the Special Education Technology program is to advance the use of new technology, media, and materials in providing special education, related services, and early intervention services to children with handicaps. Grants, contracts, and cooperative agreements are authorized to institutions of higher education, State and local educational agencies, and other appropriate agencies and organizations.

The program supports a variety of research, dissemination, and technical assistance activities related to the development, production, and marketing of technology for use in serving children with handicaps. Most awards are made through grants. Awards are made on a competitive basis in the first year, and are usually renewed on a noncompetitive basis for two succeeding fiscal years.

Prior to the Education of the Handicapped Act Amendments of 1986, these projects and those funded under the Media and Captioning Services program were funded under the Media Services and Captioned Films program in Part F of the Act.

This is a current-funded program for which funds are available from October 1 to September 30. The level of funding is dependent upon the availability of appropriations.

The Senate has passed S. 1824, the Education of Individuals with Disabilities Act of 1989, which would extend and amend the authorization for the Special Education Technology program. Significant changes included in this legislation are summarized below:

- Assistive technology activities and other activities authorized under the Technology-Related Assistance for Individuals With Disabilities Act of 1988 would be specifically authorized when they are related to the education of children with handicaps.

Purpose and Method of Operation -- Continued

o The program would no longer be limited to the use of "new" technology.

Accomplishments

Technology development projects have provided a variety of new and improved approaches to educating children with handicaps through the application of new technology. Projects supported in 1989 included:

1. Information Center for Special Education Media and Materials ($474,000; 1 continuation contract). This center provides information to increase the availability, quality, and appropriate use of special education media and materials. Developers receive information to assist them in designing and developing media and materials, publishers receive information on the viability of the special education market, and educators receive information on how media and materials can best be used. The contractor is LINC Services, Inc., Columbus, Ohio.

2. Information Center for Special Education Technology ($449,000; 1 continuation contract). This center provides for a national information exchange to increase the availability, quality, and appropriate use of instructional technology in special education. The two primary target groups of the center are those who provide information, training, and technical assistance to technology users, and those who research, develop, produce, and distribute technology products. The contractor is the Council for Exceptional Children, Reston, Virginia.

3. Using Technology to Improve Assessment of Children with Handicaps ($779,000; 4 new grants). Projects use innovative technologies to advance assessment theory and practice by developing and evaluating technology applications in educational, home, community, or training settings.

4. Compensatory Technology Applications ($1,072,000; 8 new grants and 1 continuation grant). These projects support the innovative development of hardware and software technology prototypes that have market potential and will alleviate mobility, manipulation, communication, or instructional barriers to providing educational opportunities to learners who are handicapped.

5. Exploring Technology Advances to Benefit Children and Youth Who are Handicapped ($160,000; 1 new contract). This contract analyzes potential educational applications for advances in technology in other sectors, especially business and the military. The contractor is SRI International, Menlo Park, California.

6. Administration and Management ($452,000; 5 continuation grants). Projects examine the use of technology in the administration and management of special education.

7. Innovative Cooperative Models to Expand Technology Benefits ($618,000; 6 continuation grants). These projects develop models demonstrating how

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Accomplishments -- Continued

cooperative efforts among agencies will improve access to technology by individuals who are handicapped. The projects increase awareness of the benefits of technology, provide training in the use of technology, bring together representatives from State and other agencies to plan for the use of technology, and provide technical assistance in technology use.

8. Integration of Technology ($524,000; 3 continuation grants). These research projects integrate technology into instructional programs as an integral component rather than an add-on learning opportunity.

9. Small Business Innovative Research Projects (SBIR) ($102,000; 1 new contract). See the narrative for the Early Childhood Education program for a description of this project.

10. Evaluation Project ($100,000; 1 new contract). See the Severely Handicapped Projects narrative for a description of this project.

A contract was awarded to the COSMOS Corporation late in 1985 to conduct evaluations of five programs in the Special Purpose Funds area including the Special Education Technology program. Based on this evaluation the Department is broadening the range of outcomes and target populations in priority notices.

1991 Budget Proposal

As soon as reauthorizing legislation is enacted, a budget request in the amount of $181,865,000 for Education for the Handicapped, Special Purpose Funds, will be submitted to Congress. Amounts requested for specific activities will be determined at that time.

Education for the Handicapped

2. Special purpose funds: h. Special education technology

Impact Data	1989	1990	1991 1/
Program Funding			
Media and materials centers:			
Continuation	$923,000	$458,000	
Technology and marketing:			
New	1,960,000	2,555,000	
Continuation	1,645,000	1,404,000	
Subtotal	3,605,000	3,959,000	
Special projects and other:			
New	202,000	731,000	
Continuation	---	277,000	
Subtotal	202,000	1,008,000	
Total:			
New	2,162,000	3,286,000	
Continuation	2,568,000	2,139,000	
Total	4,730,000	5,425,000	
Number of projects 2/			
Media and materials centers:			
Continuation	2	2	
Technology and marketing:			
New	13	10	
Continuation	15	7	
Subtotal	28	17	
Special projects and other:			
New	2	3	
Continuation	---	2	
Subtotal	2	5	
Total:			
New	15	13	
Continuation	17	11	
Total	32	24	

1/ Not available due to pending legislation.

2/ Includes continuation projects funded for more than one year from prior year appropriations.

2. Special purpose funds: i. Special studies
(Education of the Handicapped Act, Part B, Section 618)

1991 Authorization: To be determined 1/

Budget Authority:

1990 Appropriation	1991 2/ Request	Increase or 2/ Decrease
$3,545,000	---	---

1/ The GEPA extension expires September 30, 1990. Reauthorizing legislation is pending.

2/ The specific amounts requested for individual activities will be determined after reauthorizing legislation is enacted.

Purpose and Method of Operation

Special studies currently authorizes grants, contracts, and cooperative agreements to undertake studies and assist in the development of the annual report to Congress on the implementation of the Education of the Handicapped Act (EHA). Studies are conducted to assess progress in implementing the EHA and the impact and effectiveness of State, local, and Department of the Interior efforts to provide free appropriate education and early intervention services. They are also intended to provide Congress with information relevant to policymaking and to provide Federal, State, and local agencies with information relevant to program management, administration, and effectiveness.

This is a current-funded program for which funds are available from October 1 to September 30. The level of funding is dependent upon the availability of appropriations.

The Senate has passed S. 1824, the Education of Individuals with Disabilities Act of 1989, which would extend and amend the authorization for the Special Studies program. This proposed legislation would shift a number of activities currently authorized under section 618 of the EHA, which authorizes the Special Studies program, to Part E, which authorizes the Innovation and Development program. Significant changes included in this legislation are summarized below:

- o Data on Federal, State, and local funds expended in each State for special education, related services, and early intervention services would no longer be required under section 618.
- o An annual description of services needed to fully implement the EHA in each State would no longer be required.

Purpose and Method of Operation — Continued

- A requirement to collect data on the service needs of children leaving the educational system would be replaced by a triennial report on the services needed by these children.

- Data developed by States for their comprehensive systems of personnel development would be required to be reported.

- The results of research under Part E of the EHA would be included in the annual report when considered relevant to the effective implementation of the Act.

- Technical assistance to States would be authorized with regard to data collected by the States and reported to the Department.

- Studies to assess progress in the implementation of the EHA previously authorized under section 618 for Special Studies would be authorized under Part E for the Innovation and Development program.

- The requirement to conduct a longitudinal study of child progress would be moved to the Innovation and Development program.

- Cooperative agreements with State agencies to assess the impact of the EHA previously authorized under section 618 for Special Studies would be authorized under Part E for the Innovation and Development program.

- The requirement to include analyses on vocational education programs and least restrictive environments, an index of studies under the Special Studies program, and recommendations for changes in the EHA would be deleted.

Accomplishments

In 1989, a study of special education expenditures was completed. This mandated study produced average per pupil expenditure data for special education and related services for the Nation. In addition, costs for particular services and placements were calculated.

A study of day and residential facilities for children with handicaps will be completed in 1990. This study will report data on programs of instruction for children with handicaps at day and residential facilities. State efforts to improve these programs will also be included.

Projects supported in 1989 include:

1. Technical Assistance in Data Analysis ($2,526,000; 1 continuation contract covering 1989 and 1990). This contract provides data analysis and other support for the preparation of the Annual Report to Congress. The contractor is Decision Resources Corporation, Washington, D.C.

Accomplishments -- Continued

2. State Agency/Federal Evaluation Studies ($760,000; 5 new cooperative agreements). These projects support evaluation studies to assess the impact and effectiveness of special education and related services for children and youth with handicaps and early intervention services to infants and toddlers with handicaps. Studies are: (1) evaluating the effectiveness of the screening and diagnostic procedures presently used to identify and address the educational needs of ethnic-linguistically diverse problem learners prior to referral to special education; (2) assessing the program effectiveness and impact of cross categorical grouping for service delivery for students with moderate and severe handicaps through the use of student indicators and other variables; (3) determining the educational outcomes of students with disabilities receiving special education and services in areas related to absence, suspension, and dropout rates; (4) developing and collecting exit performance assessment test data on students who are educable mentally impaired and emotionally impaired; and (5) evaluating the implementation of the pre-referral and referral processes in local educational agencies.

3. Longitudinal Study on Child Progress ($114,000; 1 continuation contract). The award provides continuing support for a longitudinal study to examine the educational progress of youths with handicaps while in special education, and their occupational, educational, and independent living status after graduating from secondary school or otherwise leaving special education. The nationwide sample includes the full range of handicapping conditions. This study is currently mandated under section 618 of EHA. The contractor is Stanford Research Institute, Menlo Park, California.

4. Small Business Innovative Research Projects ($64,000; 1 new contract jointly funded with other Special Purpose Funds programs). See the narrative for the Early Childhood Education program for a description of this project.

5. Evaluation Project ($98,000; 1 new contract jointly funded with other EHA programs). The COSMOS Corporation is conducting an evaluation of selected discretionary programs over a five year period. The primary objective of this project is to provide information related to the achievement of program goals and to enhance program planning, design, implementation, and performance.

1991 Budget Proposal

As soon as reauthorizing legislation is enacted, a budget request in the amount of $181,865,000 for Education for the Handicapped, Special Purpose Funds, will be submitted to Congress. Amounts requested for specific activities will be determined at that time.

Education for the Handicapped

2. Special purpose funds: 1. Special studies

Impact Data	1989	1990	1991 1/
Program funding			
Annual report:			
Continuation	$2,606,000	$80,000	
Studies:			
New	114,000	622,000	
Continuations	114,000	2,138,000	
Subtotal	228,000	2,760,000	
State cooperative agreements			
New	760,000	705,000	
Total:			
New	874,000	1,327,000	
Continuations	2,720,000	2,218,000	
Subtotal	3,594,000	3,545,000	
Number of projects 2/			
Annual report:			
Continuation	2	2	
Studies:			
New	2	2	
Continuations	1	1	
Subtotal	3	3	
State cooperative agreements			
New	5	5	
Total:			
New	7	7	
Continuations	3	3	
Subtotal	10	10	

1/ Not available due to pending legislation.

2/ Includes continuation projects funded for more than one year from prior year appropriations.

2. Special purpose funds: j. Special education personnel development (Education of the Handicapped Act, Part D, Sections 631, 632, and 634)

1991 Authorization: To be determined 1/

Budget Authority:

1990 Appropriation	1991 2/ Request	Increase or 2/ Decrease
$71,000,000	---	---

1/ The GEPA extension expires September 30, 1990. Reauthorizing legislation is pending.

2/ The specific amounts requested for individual activities will be determined after reauthorizing legislation is enacted.

Purpose and Method of Operation

The current purpose of the Special Education Personnel Development program is to increase the quality and reduce shortages of personnel providing special education, related services, and early intervention services to infants, toddlers, children, and youth with handicaps. Grants are awarded to institutions of higher education, State educational agencies, and other appropriate nonprofit agencies.

Applications for grants are usually solicited based on priorities included in regulations governing this activity. Projects are funded for up to three years. Although most grantees are State educational agencies, colleges, and universities, individuals may receive financial aid indirectly through grant recipients.

Currently, at least 65 percent of the funds appropriated under Part D of the Education of the Handicapped Act (Special Education Personnel Development and Recruitment and Information Clearinghouses) must be awarded under section 631(a) to institutions of higher education and other appropriate nonprofit agencies to assist them in training personnel for careers in special education and early intervention services. Most of these awards are made to institutions of higher education.

At least 10 percent of the funds appropriated under Part D must also be awarded to private nonprofit organizations for training parents and volunteers who work with parents to help them participate more effectively with professionals in meeting the educational needs of children with handicaps.

Remaining funds may be used for special projects under section 631(b) to develop and demonstrate new teaching approaches, and for grants to State educational agencies under section 632.

Purpose and Method of Operation — Continued

Each State educational agency is authorized to receive an award under section 632 to address needs identified through its Comprehensive System of Personnel Development. In addition, State educational agencies may also receive competitive grant awards. However, the amount spent on these competitive awards may not exceed 10 percent of the total funding under section 632 in the previous year.

Contracts are also authorized to prepare personnel in areas where shortages exist when a response to that need has not been adequately addressed by the grant process. Up to 5 percent of the funds appropriated for Special Education Personnel Development may be used for such contracts.

This is a current-funded program for which funds are available from October 1 to September 30. The level of funding is dependent upon the availability of appropriations.

The Senate has passed S. 1824, the Education of Individuals with Disabilities Act of 1989, which would extend and amend the authorization for the Special Education Personnel Development program. Significant changes included in this legislation are summarized below:

- Regular and special education personnel would not be prevented from benefiting from or participating in section 631 training activities conducted on a preservice or inservice basis.
- The Secretary would be required to establish priorities for:
  - the recruitment and preparation of individuals from diverse racial, ethnic, and linguistic backgrounds, and individuals with disabilities, for careers in special education, related services, and early intervention, including special education leadership; and
  - the preservice preparation of special education, related services, and early intervention personnel to serve individuals from diverse racial, ethnic, and linguistic backgrounds.
- Special projects under section 631(b) would be authorized relating to the recruitment and retention of special education, related services, and early intervention personnel.
- Grants to State educational agencies under section 632 would include support to assist States in developing and maintaining their Comprehensive Systems of Personnel Development (CSPDs) and conducting personnel recruitment and retention activities.
- The Secretary would be authorized to provide technical assistance to State educational agencies on matters pertaining to the effective implementation of their CSPDs.

Education for the Handicapped

2. Special purpose funds: j. Special education personnel development

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Accomplishments

Since its inception in 1966, over $1 billion has been appropriated for this program for the purpose of improving the quality and increasing the quantity of special education and support personnel. In 1989 alone, 804 awards were made covering a wide variety of special education, related services, and early intervention areas. Awards are made annually in each State, Puerto Rico, the District of Columbia, and several Outlying Areas.

Projects supported in 1989 included:

1. Preparation of Personnel in Special Education and Early Intervention ($24,084,000; 118 new grants and 196 continuation grants). Projects provide preservice training of personnel for careers in special education and early intervention, or supervisors of those personnel. Awards include training for a wide range of personnel including special education administrators and supervisors, speech-language pathologists, audiologists, adaptive physical educators, vocational educators, and infant intervention specialists.

2. Preparation of Related Services Personnel ($5,603,000; 31 new grants and 50 continuation grants). Projects support preservice training for individuals who provide developmental, corrective, and other supportive services that may be required to assist a child or youth with a disability to benefit from special education. Personnel trained include resource teachers, counseling specialists, education consultants, educational aides, and physical therapists.

3. Preparation of Leadership Personnel ($5,935,000; 29 new grants and 39 continuation grants). Projects provide preservice doctoral and post-doctoral preparation of professional personnel such as administrators, supervisors, researchers, and teacher trainers.

4. Preparation of Personnel to Provide Early Intervention Services to Infants and Toddlers with Handicaps ($3,731,000; 24 new grants and 26 continuation grants). Projects support preservice training for personnel who serve infants and toddlers who are either handicapped or at high risk of being handicapped. Most projects prepare personnel from a variety of professions for working in programs characterized by strong interaction with medical, educational, and related services communities.

5. Preparation of Personnel to Work in Rural Areas ($2,279,000; 11 new grants and 20 continuation grants). These projects provide preservice training to personnel who will work in rural areas and include training related to the special problems in working in these areas.

6. Preparation of Personnel for Special Populations of Infants, Toddlers, Children and Youth with Handicaps ($3,451,000; 24 new grants and 24 continuation grants). This priority supports preservice training for personnel who will serve children who, because of special characteristics, require professional competencies in addition to those needed for children with similar disabilities. This competition was first established in 1985 as the Minority Competition. The current

Accomplishments -- Continued

priority continues to support projects that recruit minorities into professional training programs.

7. Preparation of Personnel for Low Incidence Handicapped Students ($776,000; 11 new grants). Projects support training for personnel to serve children with low incidence handicapping conditions. These conditions include intense physical or mental handicaps; deaf-blindness and other multiple handicaps; deafness; blindness; serious emotional disturbance; and other health impairments including autism and chronic or acute health problems.

8. Preparation of Transition Personnel ($2,224,000; 7 new grants and 19 continuation grants). These projects support the preservice training for individuals who assist youth with handicaps in their transition from school to adult roles.

9. Special Projects ($4,821,000; 22 new grants and 35 continuation grants). Projects support preservice and inservice activities for the development, evaluation, and distribution of innovative approaches to personnel preparation.

10. Parent Organization Projects ($6,219,000; 36 new grants and 15 continuation grants). These projects support parent organizations that provide training and information to parents of children with handicaps and to persons who work with parents, to enable parents to participate more fully and effectively with professionals in meeting their children's educational needs.

11. Technical Assistance to Parent Organizations ($935,000; 1 continuation contract). This contract provides technical assistance in establishing, developing, and coordinating parent training and information programs. The contractor is the Federation for Children with Special Needs, Boston, Massachusetts.

12. State Educational Agencies Program ($5,846,000; 32 new grants and 24 continuation grants). This priority supports awards to State educational agencies to assist in addressing needs identified in the States' Comprehensive Systems of Personnel Development.

13. State Educational Agency/Institutions of Higher Education ($724,000; 10 continuation grants). This priority supports awards to State educational agencies and institutions of higher education to assist in addressing needs identified in the States' Comprehensive Systems of Personnel Development.

1991 Budget Proposal

As soon as reauthorizing legislation is enacted, a budget request in the amount of $181,865,000 for Education for the Handicapped, Special Purpose Funds, will be submitted to Congress. Amounts requested for specific activities will be determined at that time.

Education for the Handicapped

2. Special purpose funds: j. Special education personnel development

Impact Data	1989	1990	1991 1/
Program Funding			
Grants to institutions of higher education (IHE) (EHA section 631(a)):			
New	$18,740,000	$19,065,000	
Continuation	29,343,000	31,450,000	
Subtotal	48,083,000	50,515,000	
Special projects (EHA section 631(b)):			
New	1,751,000	3,385,000	
Continuation	3,070,000	2,400,000	
Subtotal	4,821,000	5,785,000	
Grants for parent training (EHA section 631(c)):			
New	4,423,000	---	
Continuation	2,731,000	7,350,000	
Subtotal	7,154,000	7,350,000	
State educational agencies (EHA section 632):			
New	4,072,000	6,881,000	
Continuation	2,498,000	469,000	
Subtotal	6,570,000	7,350,000	
Other:			
New	467,000	---	
Total:			
New	29,453,000	29,331,000	
Continuation	37,642,000	41,669,000	
Total	67,095,000	71,000,000	

1/ Not available due to pending legislation.

Education for the Handicapped

2. Special purpose funds: j. Special education personnel development

Impact Data — Continued	1989	1990	1991 1/
Number of projects			
Grants to institutions of higher education (IHE) (EHA section 631(a)):			
New	255	238	
Continuation	374	428	
Subtotal	629	666	
Special projects (EHA section 631(b)):			
New	22	40	
Continuation	35	29	
Subtotal	57	69	
Grants for parent training (EHA section 631(c)):			
New	36	--	
Continuation	16	52	
Subtotal	52	52	
State educational agencies (EHA section 632):			
New	32	56	
Continuation	34	6	
Subtotal	66	62	
Total:			
New	345	334	
Continuation	459	515	
Total	804	849	

1/ Not available due to pending legislation.

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2. Special purpose funds: k. Recruitment and information clearinghouses (Education of the Handicapped Act, Part D, Section 633)

1991 Authorization: To be determined 1/

Budget Authority:

1990 Appropriation	1991 2/ Request	Increase or 2/ Decrease
$1,479,000	---	---

1/ The GEPA extension expires September 30, 1990. Reauthorizing legislation is pending.

2/ The specific amounts requested for individual activities will be determined after reauthorizing legislation is enacted.

Purpose and Method of Operation

The current purpose of the Recruitment and Information Clearinghouses program is to improve the recruitment of educational personnel and dissemination of information concerning educational programs and opportunities for people with handicaps through support of three clearinghouses mandated by the Education of the Handicapped Act. These clearinghouses include a national clearinghouse on education of the handicapped, a national clearinghouse on postsecondary education, and a national clearinghouse on personnel recruitment. Eligible applicants for awards include public agencies and nonprofit private organizations and institutions.

This is a current-funded program for which funds are available from October 1 to September 30. The level of funding is dependent upon the availability of appropriations.

The Senate has passed S. 1824, the Education of Individuals with Disabilities Act of 1989, which would extend and amend the authorization for the Recruitment and Information Clearinghouses program. Significant changes included in this proposed legislation are summarized below:

- Specific responsibilities of the national clearinghouse on the education of persons with disabilities would include:
  - collecting, synthesizing, developing, and disseminating information concerning programs and services related to the education of individuals with disabilities;
  - participating in programs related to disability issues in order to provide outreach, technical assistance, information collection and dissemination, and referral of individuals to appropriate national, State, and local agencies and organizations;

Purpose and Method of Operation -- Continued

- coordinating outreach activities with relevant Federal, State, and local organizations and other sources of information, programs, and services;

- providing technical assistance to establish information and referral services for individuals with disabilities and their families;

- participating in the dissemination of the results of research, demonstration, and model projects funded under other sections of the Education of the Handicapped Act;

- collecting and providing the Secretary with data on the information needs of parents, professionals, individuals with disabilities, and others regarding the provision of special education, related services, and early intervention.

o Specific responsibilities of the national clearinghouse on postsecondary education would include:

- collecting, developing, synthesizing, and disseminating information on available services, characteristics of the postsecondary population, laws affecting postsecondary education, sources of financial aid, and resources to facilitate the education, rehabilitation, and retraining of adults with disabilities.

- identifying areas of need for additional information regarding postsecondary education for individuals with disabilities; and

- coordinating with other entities in disseminating information on, and promoting awareness of, issues relevant to the postsecondary education of individuals with disabilities.

o Specific responsibilities of the national clearinghouse on personnel recruitment would be expanded to include assisting States and institutions of higher education in the recruitment of personnel for professional careers in special education, related services, and early intervention.

o In making awards, the Secretary would be required to give particular attention to demonstrated experience in providing information services to racially, ethnically, and linguistically diverse consumers, rural and urban consumers, and organizations that serve infants, toddlers, children, and youth with disabilities, their families, and professionals.

Accomplishments

This program began in fiscal year 1969 with an appropriation of $250,000 to support information clearinghouse activities and public information features on television concerning services available to individuals with handicaps. In order to specifically address the needs of increasing numbers of children with handicaps who were exiting special education programs at the secondary

Accomplishments -- Continued

level, the Education of the Handicapped Act Amendments of 1983 created a second clearinghouse to provide information on postsecondary programs for handicapped persons. A new clearinghouse dealing only with the recruitment of personnel was added by the Education of the Handicapped Act Amendments of 1986.

In 1989, new awards were made to the three clearinghouses. These awards are summarized below:

1. National Clearinghouse on the Education of the Handicapped ($615,000; 1 continuation cooperative agreement). This project provides parents, teachers, and others with information on issues pertaining to the education of children and youth with disabilities. The project disseminates information on a wide range of topics including: education, job training, financial assistance, rehabilitation, recreation, and independent living. The clearinghouse is operated by Interstate Research Associates, McLean, Virginia.

2. National Clearinghouse on Postsecondary Education of Handicapped Individuals ($283,000; 1 continuation cooperative agreement). The clearinghouse provides information about opportunities at colleges, universities, vocational technical schools, adult education programs, independent living centers, and other training entities after high school. The clearinghouse responds to inquiries from individuals and organizations regarding such topics as financial aid, choices after high school, career development, and vocational training. The clearinghouse is operated by the American Council on Education, Higher Education and the Handicapped (HEATH), Washington, D.C.

3. National Clearinghouse on Careers and Employment in Special Education ($237,000; 1 continuation cooperative agreement). This clearinghouse collects and disseminates information on current and future needs for special education and related services personnel; disseminates information concerning career opportunities in special education, location of programs, and various forms of financial assistance; identifies training programs available around the country; and provides technical assistance to institutions seeking to meet State and professionally recognized standards. The clearinghouse is operated by the National Association of State Directors of Special Education, (NASDSE), Washington, D.C.

1991 Budget Proposal

As soon as reauthorizing legislation is enacted, a budget request in the amount of $181,865,000 for Education for the Handicapped, Special Purpose Funds, will be submitted to Congress. Amounts requested for specific activities will be determined at that time.

Education for the Handicapped

2. Special purpose funds: k. Recruitment and information clearinghouses

Impact Data	1989	1990 1/	1991 2/
Program Funding			
National clearinghouse on the education of the handicapped	$615,000		
Postsecondary clearinghouse	283,000		
Recruitment clearinghouse	237,000		
Total	1,135,000		

1/ Estimate unavailable.

2/ Not available due to pending legislation.

Competitions were held for the clearinghouses in fiscal year 1989. They will be funded as continuations in fiscal years 1990 through 1993.

2. Special purpose funds: 1. Regional resource centers (Education of the Handicapped Act, Part C, Section 621)

1991 Authorization: To be determined 1/

Budget Authority:

1990 Appropriation	1991 2/ Request	Increase or 2/ Decrease
$6,510,000	---	---

1/ The GEPA extension expires September 30, 1990. Reauthorizing legislation is pending.

2/ The specific amounts requested for individual activities will be determined after reauthorizing legislation is enacted.

Purpose and Method of Operation

The current purpose of the Regional Resource Centers program is to provide consultation, technical assistance, and training to State educational agencies and, through these agencies, to local educational agencies and other appropriate public agencies providing special education and early intervention services to infants, toddlers, children, and youth with handicaps. Grants, contracts, and cooperative agreements are authorized to institutions of higher education, public agencies, private nonprofit organizations, and State educational agencies.

The services provided by the regional resource centers are consistent with the priority needs identified by the States served and the findings of the Secretary in monitoring reports.

A national coordinating technical assistance center is also authorized. This center focuses on assisting the regional centers in the delivery of technical assistance in areas of national priority established by the Secretary.

This is a current-funded program for which funds are available from October 1 to September 30. The level of funding is dependent upon the availability of appropriations.

The Senate has passed S. 1824, the Education of Individuals with Disabilities Act of 1989, which would extend and amend the authorization for the Regional Resource Centers program. Significant changes included in this legislation are summarized below:

- The specified focus of the centers would include special education, related services, and early intervention services.
- A number of activities of the national coordinating center would be specifically authorized. These include:

Purpose and Method of Operation — Continued

- providing assistance regarding techniques and approaches for submitting award applications for discretionary programs funded under the Education of the Handicapped Act;
- technical assistance concerning the education of children with disabilities from diverse racial, ethnic, and linguistic backgrounds;
- exchanging information with, and, where appropriate, cooperating with, other centers addressing the needs of children with disabilities from diverse racial, ethnic, and linguistic backgrounds; and
- providing assistance to State educational agencies, through the regional resource centers, for the training of hearing officers.

Accomplishments

The Regional Resource Centers program began in 1969 with support provided to four centers. The original mission of the Regional Resource Centers was to develop and apply best methods for appraising special education needs and designing programs for children with handicaps referred to them. With the passage of the Education for All Handicapped Children Act, the mission of the Regional Resource Centers was modified to that of aiding State and local educational agencies, through the delivery of training and technical assistance, to carry out directly a number of State and local functions. Included in these functions were appraisal of handicapping conditions; child placement; the development, implementation, and review of individual education programs (IEPs); and the evaluation of child progress. Starting in 1980, the Regional Resource Centers expanded their operations to include a system for developing and sharing expertise with each other and with State and local educational agencies. Awards have continued to emphasize the provision of technical assistance to States to improve their capacities to better serve children with handicaps.

The 1989 awards are summarized below:

1. Regional Resource Centers (RRCs) ($6,139,000; 6 continuation contracts). The RRCs assist State educational agencies, and through these agencies, local educational agencies, other public agencies, and parents, by providing consultation, technical assistance, and training activities regarding quality special education programs. The RRCs assist States through problem-solving activities to identify approaches for providing services, assist in replicating successful educational programs and practices, gather and disseminate educational program information to State educational agencies, and coordinate activities with other centers and relevant Department projects. In addition, the RRCs disseminate information and train professionals and families regarding special education services for infants, toddlers, children, and youth with handicaps and provide support to agencies submitting applications for grants under certain sections of the Education of the Handicapped Act.

Accomplishments -- Continued

2. Federal Regional Resource Center (FRRC) ($199,000; 1 continuation contract). The FRRC designs and provides technical assistance and consultation to the RRCs and the Office of Special Education Programs; identifies and analyzes significant emerging issues related to technical assistance in priority areas identified by the Secretary; and projects long term technical assistance needs. Through a variety of activities, the FRRC ensures the consistency of technical assistance content strategies in the national priority areas designated by the Secretary. The current contractor is the University of Kentucky.

1991 Budget Proposal

As soon as reauthorizing legislation is enacted, a budget request in the amount of $181,865,000 for Education for the Handicapped, Special Purpose Funds, will be submitted to Congress. Amounts requested for specific activities will be determined at that time.

Impact Data	1989	1990	1991 1/
Program Funding			
Regional centers	$6,139,000	$6,459,000	
Federal regional resource center	199,000	51,000	
Total	6,338,000	6,510,000	

1/ Not available due to pending legislation.

All awards are currently funded as continuations and will be awarded new in 1991.

Education for the Handicapped

State Grants - Grants to States [1/]

State or Outlying Area	1989 Appro. for 1990	1990 Appro. for 1991	1991 Request for 1992
TOTAL	$1,475,449,000	$1,542,610,000	$1,615,125,000
Alabama	34,178,741	35,734,524	37,414,332
Alaska	4,076,651	4,262,216	4,462,574
Arizona	17,889,468	18,703,780	19,583,007
Arkansas	14,735,405	15,406,146	16,130,358
California	142,603,125	149,094,279	156,102,904
Colorado	16,116,954	16,850,582	17,642,694
Connecticut	20,084,947	20,999,194	21,986,324
Delaware	3,458,371	3,615,792	3,785,763
Florida	66,659,626	69,693,908	72,970,078
Georgia	30,325,737	31,706,135	33,196,577
Hawaii	3,933,330	4,112,371	4,305,686
Idaho	6,423,117	6,715,491	7,031,173
Illinois	68,498,802	71,616,801	74,983,363
Indiana	33,504,132	35,029,207	36,675,860
Iowa	18,730,396	19,582,986	20,503,543
Kansas	13,690,161	14,313,324	14,986,165
Kentucky	24,367,581	25,476,769	26,674,381
Louisiana	21,720,807	22,709,517	23,777,046
Maine	9,025,894	9,436,744	9,880,346
Maryland	29,171,836	30,499,709	31,933,440
Massachusetts	44,594,849	46,624,763	48,816,499
Michigan	49,897,728	52,169,024	54,621,385
Minnesota	27,037,352	28,268,066	29,596,891
Mississippi	19,467,000	20,353,119	21,309,878
Missouri	32,709,200	34,198,091	35,805,674
Montana	5,022,237	5,250,844	5,497,676
Nebraska	10,385,444	10,858,180	11,368,601
Nevada	5,156,559	5,391,280	5,644,713
New Hampshire	5,550,525	5,803,179	6,075,975
New Jersey	56,259,850	58,820,744	61,585,789
New Mexico	10,445,439	10,920,905	11,434,275
New York	86,436,933	90,371,458	94,619,640
North Carolina	37,107,490	38,796,587	40,620,336
North Dakota	4,003,657	4,185,900	4,382,671
Ohio	63,637,219	66,533,923	69,661,549

Education for the Handicapped

State Grants - Grants to States 1/

State or Outlying Area	1989 Appro. for 1990	1990 Appro. for 1991	1991 Request for 1992
Oklahoma	21,094,194	22,054,381	23,091,113
Oregon	15,178,367	15,869,272	16,615,254
Pennsylvania	63,479,232	66,368,745	69,488,606
Rhode Island	6,411,784	6,703,643	7,018,767
South Carolina	25,055,522	26,196,025	27,427,447
South Dakota	4,643,269	4,854,626	5,082,832
Tennessee	33,579,459	35,107,963	36,758,318
Texas	103,521,804	108,234,015	113,321,880
Utah	13,754,489	14,380,580	15,056,582
Vermont	3,393,376	3,547,839	3,714,616
Virginia	38,292,388	40,035,421	41,917,405
Washington	24,363,581	25,472,587	26,670,003
West Virginia	14,490,093	15,149,668	15,861,823
Wisconsin	25,519,482	26,681,104	27,935,329
Wyoming	3,238,389	3,385,798	3,544,957
District of Columbia	991,248	1,036,369	1,085,087
Puerto Rico	11,754,994	12,290,069	12,867,801
American Samoa	1,560,722	1,631,764	1,708,470
Northern Marianas	761,986	796,671	834,121
Guam	4,480,348	4,684,289	4,904,488
Virgin Islands	4,146,094	4,334,820	4,538,591
Marshall Islands 2/	---	---	---
Federated States of Micronesia 2/	---	---	---
Republic of Palau	616,196	644,245	674,529
Secretary of the Interior	18,215,420	19,044,568	19,939,815

1/ Distribution is based on the formula of multiplying the number of handicapped children receiving special education in each State by 40 percent of the national average per pupil expenditure, and ratably reducing this share based on the appropriation available for distribution. No State may receive less than it received in 1977. Allocations to the Secretary of the Interior are based on 1.25 percent of the aggregate amount available to all States. The Outlying Areas can receive up to one percent of the aggregate of the amounts available to all States. Allocations for the Outlying Areas in the tables are based on .80 percent of the aggregate amounts available to all States.

2/ The Marshall Islands and the Federated States of Micronesia elected not to participate in the program in 1989. They are not eligible to participate in 1990 and thereafter.

Education for the Handicapped

State Grants - Preschool Grants

State or Outlying Area	1989 Appro. for 1990	1990 Appro. for 1991	1991 Request for 1992
TOTAL	$247,000,000 1/	$251,510,000	$257,730,000
Alabama	9,744,744	5,932,160	6,575,612
Alaska	572,500	824,011	913,390
Arizona	2,426,319	2,204,319	2,443,419
Arkansas	3,524,117	2,231,667	2,473,732
California	24,006,931	23,994,192	26,596,806
Colorado	1,924,659	1,888,389	2,093,219
Connecticut	2,367,000	3,406,872	3,776,410
Delaware	94,655	608,113	674,074
Florida	4,038,748	8,212,763	9,103,589
Georgia	6,457,403	4,530,261	5,021,652
Hawaii	561,341	488,649	541,652
Idaho	5,711,738	818,973	907,806
Illinois	13,391,574	13,790,850	15,286,722
Indiana	1,780,716	3,353,617	3,717,379
Iowa	2,743,926	3,696,895	4,097,891
Kansas	2,689,423	2,139,550	2,371,624
Kentucky	5,624,792	5,566,572	6,170,370
Louisiana	4,205,000	4,138,047	4,586,894
Maine	1,662,241	1,983,384	2,198,518
Maryland	4,546,322	4,622,378	5,123,760
Massachusetts	5,513,766	6,804,388	7,542,449
Michigan	6,566,500	9,451,298	10,476,466
Minnesota	4,433,571	6,076,092	6,735,156
Mississippi	2,181,847	3,641,481	4,036,467
Missouri	1,733,628	3,099,577	3,435,783
Montana	781,600	977,299	1,083,305
Nebraska	1,333,000	1,918,614	2,126,723
Nevada	477,500	687,276	761,823
New Hampshire	593,500	854,237	946,894
New Jersey	7,737,529	9,754,275	10,812,307
New Mexico	791,500	1,139,222	1,262,792
New York	26,041,729	11,975,147	13,274,073
North Carolina	6,739,282	5,705,467	6,324,330
North Dakota	854,835	808,178	895,840
Ohio	3,663,000	5,272,231	5,844,102

Education for the Handicapped

State Grants - Preschool Grants

State or Outlying Area	1989 Appro. for 1990	1990 Appro. for 1991	1991 Request for 1992
Oklahoma	2,658,500	3,826,434	4,241,481
Oregon	1,004,000	1,007,524	1,116,809
Pennsylvania	15,754,721	9,599,548	10,640,797
Rhode Island	478,373	1,044,227	1,157,493
South Carolina	4,628,822	5,277,988	5,850,484
South Dakota	969,262	1,337,129	1,482,165
Tennessee	4,587,200	4,992,283	5,533,789
Texas	12,529,623	15,451,826	17,127,861
Utah	1,730,632	1,696,959	1,881,025
Vermont	253,245	389,336	431,567
Virginia	9,130,642	7,479,429	8,290,711
Washington	7,938,625	5,938,637	6,582,791
West Virginia	1,790,185	1,930,129	2,139,487
Wisconsin	4,871,808	6,722,347	7,451,509
Wyoming	287,141	334,642	370,940
District of Columbia	351,900	216,618	240,114
Puerto Rico	1,924,935	2,269,809	2,516,011
American Samoa	54,983	30,945	34,302
Northern Marianas	31,859	136,735	151,567
Guam	127,152	130,978	145,185
Virgin Islands	140,531	74,845	82,963
Marshall Islands 2/	---	---	---
Federated States of Micronesia 2/	---	---	---
Republic of Palau	69,000	25,188	27,920
Undistributed	8,169,925 3/	19,000,000 4/	---

1/ Allocations were based on $500 per child for 323,169 children counted as served on December 1, 1988, plus $3,800 for 23,274 additional children States estimated they would be serving in the 1989-90 school year, and adjustments based on the difference between the additional number of children States had estimated they would be serving in the 1988-89 school year and the actual number reported as served by December 1, 1988.

2/ The Marshall Islands and the Federated States of Micronesia (FSM) elected not to participate in the program in 1989. They are not eligible to participate in 1990 and thereafter.

3/ Of the funds appropriated, $8,169,925 remained after adjustments had been made and funds had been provided at the statutory maximums of $500 for each child served and $3,800 for each additional child States had estimated they would be serving in the 1989-90 school year.

4/ The Department expects $19,000,000 of the funds appropriated to be used for upward adjustments of $3,800 each for 5,000 additional children beyond the 23,274 States had estimated they would be serving in the 1989-90 school year. Distribution is based on $251,510,000 less $19,000,000, or $232,510,000.

Education for the Handicapped

State Grants - Grants for Infants and Families [1/]

State or Outlying Area	1989 Appro. for 1990	1990 Appro. for 1991	1991 Request for 1992
TOTAL	$69,831,000	$79,520,000	$82,701,000
Alabama	1,030,041	1,172,958	1,219,879
Alaska	341,396	388,764	404,316
Arizona	1,082,713	1,232,939	1,282,259
Arkansas	602,808	686,447	713,907
California	8,568,064	9,756,876	10,147,175
Colorado	930,548	1,059,661	1,102,050
Connecticut	795,940	906,377	942,634
Delaware	341,396	388,764	404,316
Florida	3,031,596	3,452,229	3,590,326
Georgia	1,767,456	2,012,689	2,093,202
Hawaii	341,396	388,764	404,316
Idaho	341,396	388,764	404,316
Illinois	3,037,449	3,458,893	3,597,257
Indiana	1,363,633	1,552,836	1,614,954
Iowa	655,480	746,428	776,287
Kansas	673,038	766,422	797,080
Kentucky	883,728	1,006,345	1,046,601
Louisiana	1,281,698	1,459,533	1,517,918
Maine	341,396	388,764	404,316
Maryland	1,240,731	1,412,881	1,469,400
Massachusetts	1,439,716	1,639,476	1,705,058
Michigan	2,405,379	2,739,124	2,848,695
Minnesota	1,141,238	1,299,584	1,351,571
Mississippi	714,005	813,073	845,598
Missouri	1,299,256	1,479,526	1,538,711
Montana	341,396	388,764	404,316
Nebraska	415,528	473,182	492,110
Nevada	341,396	388,764	404,316
New Hampshire	341,396	388,764	404,316
New Jersey	1,913,768	2,179,303	2,266,480
New Mexico	468,200	533,163	554,491
New York	4,588,362	5,224,994	5,434,007
North Carolina	1,603,586	1,826,082	1,899,130
North Dakota	341,396	388,764	404,316
Ohio	2,727,266	3,105,673	3,229,907

Education for the Handicapped

State Grants - Grants for Infants and Families 1/

State or Outlying Area	1989 Appro. for 1990	1990 Appro. for 1991	1991 Request for 1992
Oklahoma	842,760	959,693	998,083
Oregon	661,333	753,092	783,218
Pennsylvania	2,797,496	3,185,647	3,313,081
Rhode Island	341,396	388,764	404,316
South Carolina	912,990	1,039,668	1,081,257
South Dakota	341,396	388,764	404,316
Tennessee	1,170,501	1,332,907	1,386,226
Texas	5,226,285	5,951,428	6,189,499
Utah	614,513	699,776	727,769
Vermont	341,396	388,764	404,316
Virginia	1,533,356	1,746,108	1,815,956
Washington	1,229,026	1,399,552	1,455,538
West Virginia	392,118	446,524	464,386
Wisconsin	1,246,583	1,419,546	1,476,331
Wyoming	341,396	388,764	404,316
District of Columbia	341,396	388,764	404,316
Puerto Rico	1,211,468	1,379,558	1,434,744
American Samoa	105,960	120,662	125,488
Northern Marianas	70,640	80,441	83,659
Guam	282,559	321,764	334,636
Virgin Islands	211,919	241,323	250,977
Republic of Palau	27,232	31,010	32,251
Secretary of the Interior	853,490	971,911	1,010,790

1/ Distribution is based on the most recent population data available for children aged birth through two years. The Outlying Areas receive one percent of the total appropriation. The Secretary of the Interior receives 1.25 percent of the aggregate amount available to all States. No State receives less than 0.5 percent of the aggregate amount available to all States.

THURSDAY, FEBRUARY 22, 1990.

REHABILITATION SERVICES AND HANDICAPPED RESEARCH

WITNESSES

ROBERT R. DAVILA, ASSISTANT SECRETARY FOR SPECIAL EDUCATION AND REHABILITATIVE SERVICES

NELL CARNEY, COMMISSIONER, REHABILITATION SERVICES ADMINISTRATION

JAMES B. RESWICK, ACTING DIRECTOR, NATIONAL INSTITUTE ON DISABILITY AND REHABILITATION RESEARCH

SALLY H. CHRISTENSEN, DIRECTOR, BUDGET SERVICE, OFFICE OF PLANNING, BUDGET AND EVALUATION

CAROL A. CICHOWSKI, DIRECTOR, DIVISION OF SPECIAL EDUCATION, REHABILITATION AND RESEARCH ANALYSIS, OFFICE OF PLANNING, BUDGET AND EVALUATION

OPENING REMARKS

Mr. NATCHER. Now, we take up the budget request for Rehabilitation Services and Handicapped Research. We have before the committee Dr. Robert R. Davila.

And who do you have with you now at the table, Dr. Davila, on this request?

Dr. DAVILA. To my extreme left, Dr. James Reswick, who is Acting Director, National Institute on Disability and Rehabilitation Research, and on my immediate left, I have Commissioner Nell Carney, Rehabilitation Services Administration, and on my right, Carol Cichowski, Director, Division of Special Education, Rehabilitation and Research Analysis, Office of Planning, Budget and Evaluation, and on my extreme right, Sally Christensen, Director of the Budget Service in the same office.

OPENING STATEMENT

Mr. NATCHER. Thank you, Dr. Davila.

Now, we will be pleased to hear from you at this time.

Dr. DAVILA. Thank you, sir.

I appreciate this opportunity to appear before you to present the fiscal year 1991 budget for the Rehabilitation Services and Handicapped Research account.

The 1991 budget includes a total of $1,800,000,000 for vocational rehabilitation and handicapped research, an increase of $59,000,000 over the 1990 appropriation level. This funding level will allow for inflation increases in the four State grant programs. The State grant programs provide the majority of direct services to persons with disabilities funded through this account. We are also proposing a 35 percent increase in the Technology Assistance program.

The 1991 budget includes $1,600,000,000 for Basic State Grants, an increase of $68,800,000 over the fiscal year 1990 appropriation. The 1991 level would enable States to maintain their ongoing programs of rehabilitation services to disabled persons and to continue to give priority to severely disabled individuals. Approximately the same number of disabled persons are expected to be served and rehabilitated in fiscal year 1991 as in fiscal year 1990.

We are proposing $28,800,000 for the Supported Employment formula grant program, an increase of $1,200,000 over the fiscal year 1990 level. Our request reflects the high priority we place on State-operated programs that provide opportunities to severely disabled persons.

The 1991 budget includes $8,200,000 for the Client Assistance program, an increase of $332,000 over the fiscal year 1990 appropriation. These funds should enable agencies to continue to provide the full range of protective and assistive services specified by the law.

The budget includes $17,500,000 for Special Demonstration programs. This is the same level as the fiscal year 1990 appropriation, excluding the 1990 one-time appropriation of $14,800,000 for establishing four head injury centers. Supported Employment Projects, Projects with Industry and Migratory Worker Projects are also proposed at the fiscal year 1990 appropriation level.

We are requesting $5,200,000 for the Helen Keller National Center, an increase of $260,000.

The fiscal year 1991 budget for Independent Living programs would continue funding for Centers for Independent Living at the 1990 level. We continue to emphasize the importance of statewide coverage and statewide coordination of services. Therefore, the budget includes $13,500,000, an increase of $543,000, for the Comprehensive Services for Independent Living program.

The budget includes $31,100,000 for Training, the same as the fiscal year 1990 appropriation. Funds would be directed toward manpower needs identified by the Department's analysis of shortage areas.

We are proposing $54,300,000 for the National Institute on Disability and Rehabilitation Research, the same as the 1990 appropriation. The budget will provide support for 40 rehabilitation research and training centers and 19 rehabilitation engineering centers.

The budget includes $20,000,000 for the Technology Assistance program, an increase of $5,200,000 over the 1990 appropriation.

The Department recognizes the major contribution that assistive technology devices and services can make to improving the quality of life, enlarging opportunities for education and employment, and reducing communication barriers for disabled persons of all ages. This increase reflects the priority the Department has placed on the development and implementation of comprehensive statewide programs of technology assistance.

My colleagues and I will be pleased to respond to any questions you may have. Thank you.

[The information follows:]

DEPARTMENT OF EDUCATION

Statement by

Robert R. Davilla
Assistant Secretary for
Special Education and Rehabilitative Services

on

Rehabilitation Services and Handicapped Research

Mr. Chairman and Members of the Committee:

I appreciate this opportunity to appear before you to present the fiscal year 1991 budget for the Rehabilitation Services and Handicapped Research account.

The 1991 budget includes a total of $1.8 billion for this account, an increase of $59 million over the 1990 appropriation level. This funding level will allow for inflation increases in the four State grant programs. The State grant programs provide the majority of direct services to persons with disabilities funded through this account. Our request reflects the Administration's commitment to programs that provide opportunities to severely disabled persons. In keeping with this commitment, we are also proposing a 35 percent increase in the Technology Assistance program.

Basic State Grants

The 1991 budget includes $1.6 billion for Basic State Grants, an increase of $68.8 million over the fiscal year 1990 appropriation. The 1991 level would enable States to maintain their ongoing programs of rehabilitation services to disabled persons and to continue giving priority to severely disabled individuals. In addition, the increase satisfies the statutory requirement to increase program funding by at least the percentage change in the Consumer Price Index for Urban Consumers for the 12-month period completed in October 1989. Approximately the same number of disabled persons are expected to be served and rehabilitated in fiscal year 1991 as in fiscal year 1990.

The Indian program is funded from a set-aside from the Basic State Grant program. The budget includes an increase of $172,000 over the fiscal year 1990 appropriated level, for a total of $4.0 million. This level would allow for the funding of about 15 projects including 12 continuations and new projects.

Supported Employment State Grants

We are proposing $28.8 million for the Supported Employment formula grant program, an increase of $1.2 million over the fiscal year 1990 level. Our request reflects the high priority we place on State-operated programs that provide opportunities to severely disabled persons.

Client Assistance Program

The 1991 budget includes $8.2 million for the Client Assistance Program, an increase of $332,000 over the fiscal year 1990 appropriation. These funds should enable agencies to continue to provide the full range of protective and assistive services specified by the law.

Service and Demonstration Projects

The budget includes $17.5 million for Special Demonstration programs. This is the same level as the fiscal year 1990 appropriation, excluding the 1990 one-time appropriation of $14.8 million for establishing four head injury centers. Supported Employment Projects, Projects with Industry and Migratory Worker Projects are also proposed at the fiscal year 1990 appropriation levels of $9.9 million, $18.8 million and $1.1 million respectively. No funds are requested for Recreational programs in 1991. Recreation is an activity more appropriately funded by private charities, local organizations, and other non-Federal sources.

Helen Keller National Center

We are requesting $5.2 million for the Helen Keller National Center, an increase of $260,000. This level will offset the effect of inflation and compensate for salary and benefit increases at the Helen Keller headquarters facility and 10 regional offices. It will also provide funds for an expansion of the community work experience program.

Independent Living Programs

The fiscal year 1991 budget for Independent Living programs would continue funding for Centers for Independent Living at the 1990 level of $26.7 million and provide $5.8 million for Independent Living Services for Older Blind Individuals, the same level as the fiscal year 1990 appropriation. We continue to emphasize the importance of statewide coverage and statewide coordination of services. Therefore, the budget includes $13.5 million, an increase of $543,000, for the Comprehensive Services for Independent Living Program.

Training

The budget includes $31.1 million for Training, the same as the fiscal year 1990 appropriation. Funds requested for 1991 will be used to cover continuation costs and new projects in most long-term training categories, and to continue support for experimental and innovative training, regional continuing education, State inservice training, and training programs for interpreters for persons who are deaf. Over one-third of the funds would be available for new awards. Funds would be directed toward manpower needs identified by the Department's analysis of shortage areas.

National Institute on Disability and Rehabilitation Research

We are proposing $54.3 million for the National Institute on Disability and Rehabilitation Research, the same as the 1990 appropriation. The budget will provide support for 40 rehabilitation research and training centers and 19 rehabilitation engineering centers. In addition, it will support a wide range of discretionary research, demonstration, dissemination, and training activities including funds for continuation grants and approximately 70 new awards. Field-initiated research has grown substantially during the past few years. The budget would allow NIDRR to support approximately 16 more field-initiated research projects than it expects to support in 1990.

Technology Assistance

The Department recognizes the major contribution that assistive technology devices and services can make to improving the quality of life, enlarging opportunities for education and employment, and reducing communication barriers for disabled persons of all ages. The budget includes $20 million, an increase of $5.2 million, for the Technology Assistance program, which is administered by NIDRR. This increase reflects the priority the Department has placed on the development and implementation of comprehensive statewide programs of technology assistance. The budget will support 12 new and 22 continuation grants to assist States in developing statewide programs of technology-related assistance. In addition, it will provide $500,000 for technical assistance to States and will provide funds to complete the national evaluation of the State grant program. An estimated $1 million will provide for the continuation of 10 model projects expected to be funded under Title II of the Act in fiscal year 1990.

Evaluation

The 1991 budget requests $1 million for Evaluation, the same as the 1990 appropriation level. Studies on State vocational rehabilitation program quality assurance systems and the recruitment and retention of rehabilitation personnel to be initiated in 1990 will be continued. Our request would also allow for the initiation of one or two new evaluations. The Department has a strong interest in ensuring the accountability and effectiveness of rehabilitation programs.

My colleagues and I will be pleased to respond to any questions you may have.

DEPARTMENT OF EDUCATION

Office of Special Education and Rehabilitative Services

Biographical Sketch

NAME : Robert R. Davila

POSITION : Assistant Secretary for Special Education and Rehabilitative Services

BIRTHPLACE AND DATE : San Diego, California, July 19, 1932

EDUCATION : Gallaudet University, 1953, B.A.
Hunter College, 1963, M.A.
Syracuse University, 1972, Ph.D.

EXPERIENCE

1989 - PRESENT : Assistant Secretary for Special Education and Rehabilitative Services

1978 - 1989 : Vice President for Pre-College Programs, Gallaudet University

1980 - 1989 : Professor of Education, Gallaudet University

1974 - 1980 : Associate Professor, (Part time), Department of Education, Gallaudet University

1974 - 1978 : Director, Kendall Demonstration Elementary School, Gallaudet University

1972 - 1974 : Instructor, Department of Education, Gallaudet University

1968 - 1970 : Supervisor, Elementary Department, New York School for the Deaf

1953 - 1968 : Teacher, New York School for the Deaf

HONORS AND AWARDS

Daniel T. Cloud Leadership Award, California State University, Northridge, 1988.

Inducted to Alumni Hall of Fame, Hunter College, 1988.

Inducted to National Hall of Fame for Persons with Disabilities, Columbus, Ohio, 1987.

Alumnus of the Year, School of Education, Syracuse University, Syracuse, New York, 1986.

"Ang Puso" Award, Southeast Asian Institute for the Deaf, Philippine Islands, for long time service to programs for the deaf in the Philippines, 1985.

Member of Honor (first foreigner and first deaf person ever inducted), La Asociacion Espanola de Educadores de Sordos (A.E.E.S., Spanish Association of Educators of the Deaf), Spain, 1985.

Elizabeth E. Jackson Leadership Award, Metropolitan Chapter, Gallaudet University Alumni Association, 1983.

Man of the Year Award, Delta Epsilon Sorority, 1982.

Distinguished Foreign Lecturer, Annual Conference of Australian Teachers of the Deaf, Melbourne, Victoria, Australia, 1979.

Past President's Award, Convention of American Instructors of the Deaf, 1978.

Fellowship for Doctoral Studies, Bureau of Education for the Handicapped, 1970.

Teacher of the Year, New York School for the Deaf, 1968.

VOCATIONAL REHABILITATION PROGRAM

Mr. NATCHER. Dr. Davila, what portion of the costs of State rehabilitation programs is financed with the Federal funds, and what portion is financed directly by the State?

Dr. DAVILA. The division is 80/20; 80 percent Federal, 20 percent State up to the 1988 funding level. However, because of recent changes in the Act, the States must increase their matching contribution, beginning in 1989, by one percent each year for funds received in excess of the 1988 level. Currently, Federal expenditures constitute approximately 77 percent of total VR program expenditures due to over matching.

Mr. NATCHER. Do States have waiting lists of clients for vocational rehabilitation services funding by this account?

Dr. DAVILA. States are required to justify an order of selection if they cannot serve all eligible applicants. Of eighty-three State agencies about 19 are now under order of selection, which means that higher priority is given to those more severely disabled.

These States are required to describe and justify priorities for services. I would assume that there are some individuals who are on a waiting list.

Mr. NATCHER. According to the 1986 amendments to the basic law, States are required to focus their resources on the most severely handicapped. Does this explain why the number of persons vocationally rehabilitated in fiscal year 1988 declined from fiscal year 1987, even though the actual number of clients served increased slightly?

Dr. DAVILA. I would not attribute the slight decline to that reason alone. Information for 1989 indicates that there was actually a small increase in the number of persons rehabilitated over the 1987 and 1988 levels.

The number of individuals rehabilitated increased by 1 percent over the 1988 level to approximately 220,500. I believe that we are making good progress in increasing services, and are achieving a good number of rehabilitations.

Mr. NATCHER. What happens, Dr. Davila, to the clients that are not rehabilitated, and placed? Do they simply drop out of the system after a specified period of time? Just what happens?

Dr. DAVILA. I will ask Commissioner Carney to respond to that question.

Mr. CARNEY. Mr. Chairman, some of the individuals drop out and are picked up by other agencies; some return to State Vocational rehabilitation programs at a later time, and some enter rehabilitation programs, specifically designed for the more severely disabled, such as Supported Employment Projects with Industry, and Independent Living.

TRAINING OF REHABILITATION PERSONNEL

Mr. NATCHER. What can you tell us about the supply and demand for rehabilitation personnel? What about this, supply and demand of rehabilitation personnel?

Dr. DAVILA. Information that we have from the 1987 and 1989 National Surveys of Personnel Shortages and Training Needs in Vocational Rehabilitation did indicate that there were shortages of personnel with adequate training in a number of areas. Funding priorities have shifted to address these training needs. Commissioner Carney is also looking into conducting a more intensive assessment of needs. She has formed a group to advise the Department on how best to gather information and data to help in developing priorities.

Mr. NATCHER. The fiscal year 1991 budget request for training is level. I think it was about $31,000,000. Is that adequate, given the demand for these services? How do you feel about it, Dr. Davila?

Mrs. CARNEY. Mr. Chairman, the information that we have to this point does not indicate a need for an increase in this budget activity, based on the information that we gathered in 1987 through 1989.

Mr. NATCHER. You get the transcript back now, take a look at it and give us a little more detail, if you will, please, in answer to that question.

[The information follows:]

TRAINING REQUEST JUSTIFICATION

In accordance with a congressional mandate, the Department conducted a survey in 1986 through an external contractor to collect data to use in directing rehabilitation training program funds to areas of identified personnel shortages. The Department conducted a follow-up survey in 1989 to update data collected in the previous survey. Comparison of data collected in the two surveys did not indicate any significant changes in the demand for rehabilitation personnel. The FY 1991 budget request for training is, therefore, level.

FEDERAL SPENDING ON REHABILITATION SERVICES

Mr. NATCHER. There are many other agencies of the government concerned with rehabilitation, as you know. Can you tell us how much the Federal Government spends in total on rehabilitation services? Can you give us some idea?

Ms. CICHOWSKI. I think we are going to have to provide that for the record, Mr. Chairman.

[The information follows:]

TOTAL FEDERAL EXPENDITURES ON REHABILITATION SERVICES

Dr. DAVILA. According to a 1986 report to the President and Congress entitled *Toward Independence: An Assessment of Federal Laws and Programs Affecting Persons with Disabilities,* prepared by the National Council on the Handicapped, the Nation's annual Federal expenditure on disability benefits and programs exceeds $60 billion. The report lists 45 Federal programs affecting persons with disabilities and their estimated 1986 expenditures. Types of services provided by these programs include: employment/vocational rehabilitation, independent living, health and medical rehabilitation services, education, income maintenance, housing and transportation, information and advocacy, and research and demonstration projects.

Federal support for rehabilitation services, which include vocational rehabilitation, independent living, and medical rehabilitation services, is provided primarily by the Department of Education, the Department of Health and Human Services, the Department of Labor, and the Department of Veterans Affairs. Federal agencies providing the majority of direct vocational rehabilitation services (training and employment) and independent living services to persons with disabilities include the Department of Education, the Department of Labor, the Department of Veterans Affairs, and the Department of Health and Human Services. Federal support for medical rehabilitation is provided through programs administered primarily by the Department of Health and Human Services and the Department of Veterans Affairs.

In 1990, the Department of Education's Rehabilitation Services Administration will provide approximately $1.7 billion for support of vocational rehabilitation and independent living services to persons with disabilities. The Department of Labor, through the Job Training Partnership Program (JPTA), provides approximately $1.8 billion in funds for training and employment services to prepare unskilled individuals facing serious barriers to employment for entry in the labor force. Persons with disabilities who meet JPTA's eligibility criteria are served under this program. In JPTA's 1988 program year, approximately 12 percent of program terminees under Title II A, Training Services for Disabled Youth and Adults, were handicapped.

The Department of Health and Human Services is the major source of Federal expenditures for medical rehabilitation services, primarily through Medicare and Medicaid funding. Medicare and Medicaid spending on disabled persons, which consists of expenditures for basic health care and rehabilitation services, will be approximately $25 billion in 1990. In addition, the Department of Health and Human Services through the Administration on Developmental Disabilities funds special projects, basic support, and advocacy services in order to integrate developmentally disabled persons into the community. Estimated 1990 funding for these programs is $86 million.

The Social Security Administration (SSA) does not provide direct rehabilitation services to disabled beneficiaries. However, it refers applicants to State VR agencies and reimburses VR agencies, in a case-by-case basis, for a portion of the costs of rehabilitating disabled beneficiaries when the VR services provided contribute to their performance of substantial gainful employment for a period of 9 continuous months. In fiscal year 1987, SSA's Office of Disability reported that it reimbursed VR for claims at a total cost of about $28 million.

The Department of Veterans Affairs (VA) provides approximately $129 million for support of vocational rehabilitation and independent living services and $35 million for special assistance in adapting housing and motor vehicles. The VA also provides medical rehabilitation services to disabled veterans.

NATIONAL CENTER FOR MEDICAL REHABILITATION RESEARCH

Mr. NATCHER. As you know, Senator Kennedy and Representative Walgren have each introduced bills that if passed would establish within the National Institute of Health a National Center for Medical Rehabilitation Research. What does the Department think about this idea?

Dr. DAVILA. We have not been requested by OMB to comment, so we have taken no position; however, we continue to maintain ongoing contact with appropriate NIH institutes because of our own involvement and interest in rehabilitation research.

Mr. NATCHER. Dr. Davila, how do you personally feel about it? Is this a good idea? Should this take place?

Dr. DAVILA. Yes I, believe that we need to maintain communication with other facilities providing services to the same population, but the approach that we are taking with our resources, is somewhat different than the position that will be taken by an NIH center.

I will ask Dr. Reswick to comment on that.

Mr. NATCHER. If approved, if this legislation is enacted, signed into law, what will that give us, 17 institutes and centers; is that about right? Wouldn't that be about 17 institute centers out there?

You can place that in the record for us, Dr. Davila.

[The information follows:]

NUMBER OF INSTITUTES AND CENTERS AT NIH

There are 13 separate Institutes in the National Institutes of Health. There are also three Centers which are operated independently of any of the Institutes. The recommendation under discussion is to create an additional Center.

NATIONAL CENTER FOR MEDICAL REHABILITATION RESEARCH

Mr. Natcher. Would such a center duplicate the mandate of the National Institute on Disability and Rehabilitation Research? Would there be a duplication?

Go right ahead, Mr. Reswick.

Dr. Reswick. Thank you, Mr. Chairman.

It is very difficult not to be in favor and strongly support increased activities in medical rehabilitation. I would say that such a center is not likely to duplicate completely the mission of NIDRR.

In NIDRR, we are much more focused on the service needs of persons with disabilities throughout the nation. It means that our peer review panels are often comprised of persons with disabilities, with consumers, and our finding priorities reflect this.

Our priorities often cover the issues of effective delivery of services. These are the kind of activities that the NIH has not traditionally been heavily involved with. We do think, however, that the establishment of such a center at NIH is likely to result in some duplication of effort, particularly in priority setting, applied research activities, training, and dissemination activities. We understand that NIH thinks that it would be useful to improve coordination of the medical rehabilitation research in the NIH categorical institutes, but we are not certain that a new center is needed to accomplish this.

FRAGMENTATION OF REHABILITATION EFFORTS

Mr. Natcher. The National Institutes of Health convened an ad hoc advisory group to examine the issue of an independent center, and related concerns. One problem indicated in their December 1989 report was that fragmentation of the rehabilitation effort among many agencies leads to failure to collaborate on related research.

Is this a valid concern to you? How do you feel about it?

Dr. Davila. Fragmentation is always a concern when it happens. We make continuing efforts to maintain and improve coordination, particularly through the Interagency Committee Disability Research, which Dr. Reswick chairs. Nevertheless, let me ask Commissioner Carney to comment on this.

Mrs. Carney. Although research isn't the main function of the Rehabilitation Services Administration, I think fragmentation of services generally creates conflict and is not good for recipients of services who are the disabled individuals in the country.

I want to note that this Administration is seeking to improve collaboration and cooperation with other agencies.

TECHNOLOGY ASSISTANCE PROGRAM

Mr. Natcher. The budget request for fiscal 1991 for Technology Assistance is $20,000,000, an increase of 35 percent. Why are you proposing such a large increase in this particular category? Why such a large increase?

Dr. Davila. We hold the opinion that technology has had a tremendously beneficial impact on the lives of people with disabilities, and we were highly encouraged by the quality and number of the proposals we received during the first competition. We received 50 proposals for 9 awards, so that is why we want to continue to expand this program.

In the coming year we will be responding to the mandate that we evaluate the programs that we are supporting, but thus far we are encouraged that the States have been very responsive.

Mr. NATCHER. How are these funds distributed, and what types of projects are being financed with these grants?

Dr. DAVILA. I will ask Dr. Reswick to comment on that.

Mr. NATCHER. Yes, go right ahead, Mr. Reswick.

Dr. RESWICK. Thank you, sir.

The average grant is about $500,000 to each State. The kinds of projects are very broad ranging, as set forth in the original law. Some projects involve demonstrations for delivering technology assistance more effectively to persons with handicaps. There are other projects that are studying payment systems. There are other projects that are dealing with developing information bases, and more effectively making the information available, both to the prescribers of equipment, and to the consumers who need the equipment.

Mr. NATCHER. Mr. Conte, I yield to you.

SIGN LANGUAGE INSTRUCTION

Mr. CONTE. I understand, doctor, that you are trying to teach your staff how to use sign language. How are you doing?

Dr. DAVILA. We are placing a new emphasis on staff development, and sign language classes are part of that program. Individuals who have expressed an interest in learning to sign can take classes during the work hours by making arrangements with their superiors. We are providing these classes free of charge. Because of my own personal needs, I provide more intensive training to my immediate staff.

Mr. CONTE. How you are doing.

Dr. DAVILA. Well, it is going well. I am communicating well.

PROGRAM ACCOUNTABILITY

Mr. CONTE. In your general statement you mentioned the Department's strong interest in ensuring that rehabilitation programs are accountable and effective. What specific areas need to be more effective? How do you plan to hold them accountable?

Dr. DAVILA. Commissioner Carney has been addressing the question of evaluation, so I will ask her to respond to this.

Mrs. CARNEY. I believe, sir, we can improve in all of the programs, including the State grant programs, the discretionary grant programs, and the rehabilitation training program. Even though I think our programs basically are very good, I believe there is always room for improvement.

In regard to accountability, we worked closely with the Department's Office of Planning, Budget and Evaluation in developing a 1990 evaluation plan, which I believe specifically addresses some areas of accountability.

One project is an evaluation of quality assurance systems in State agencies; another is a look at the recruitment and retention of personnel in rehabilitation agencies, and the third evaluation initiative for this year will be identifying best practices in the delivery of rehabilitation services to the traumatically brain injured. We go beyond that, however, in our accountability initative and we have developed a three year strategic evaluation plan which we have shared with the Department's Office of Planning, Budget and Evaluation. It is our hope to implement that plan in the coming years.

AMERICANS WITH DISABILITIES ACT

Mr. CONTE. We will be watching to see how you do. As you know, I am the original co-sponsor of the American Disability Act.

Doctor Davila, How do you see the enactment of the ADA impacting upon the mission and the function of your agency and of the persons it is intended to serve?

Dr. DAVILA. I believe it will be a wonderful thing. It will be what people have called the last piece in the puzzle, something that has been needed and now it will soon be real life. But I also believe that in as far as all of us in education are concerned, we always need to increase our own accountability, because all the opportunities are going to be just that. The ADA will provide an opportunity to people who are otherwise qualified. So, we will need to increase our own accountability to make sure that young people with disabilities can enter into the community with the skills, knowledge, and abilities to permit them to capitalize on all the wonderful opportunities that the bill will provide.

I think that it is very relevant to what we are doing. I see ourselves becoming more responsible, more accountable.

MANDATORY FUNDING INCREASE

Mr. CONTE. The budget requested an increase of $68,600,000, or 4.5 percent from vocational rehabilitation State grants. The intention is to keep up with inflation. The justification indicates that this increase satisfies the statutory requirement of increased funding at least by the increases in the consumer price index. Does this mean that the department fully accepts the State grant program is a mandatory program, and that the Department must automatically propose an increase for inflation annually?

Ms. CICHOWSKI. Yes, sir.

Mr. CONTE. Does that make it an entitlement program?

Ms. CICHOWSKI. Yes, sir, it is an entitlement for participating States. However, we do not consider it an entitlement for clients.

BENEFITS/COST OF THE VOCATIONAL REHABILITATION PROGRAM

Mr. CONTE. Your justification indicates that a 1989 study funded by the Department, substantially lowers the estimated benefits of rehabilitation from $9.30 per dollar spent, to $5.55 per dollar spent. Please tell us what is going on here? That is a fairly substantial revision of the data used for years to justify investment in rehabilitation.

Ms. CICHOWSKI. Mr. Conte, what is going on here is an attempt to more accurately estimate both earnings prior to rehabilitation, and after rehabilitation. The model that RSA used in the past used earnings reported at the time of application as an approximation for the potential of the client to earn, and they used earnings reported at the time of rehabilitation as an estimate of what the client could be expected to earn in the future, and they projected future earnings on that basis.

What the more recent study does is rely on longitudinal data that was collected by the Social Security Administration on actual earnings of clients over an eight-year period. This information gives us a much better sense of the client's potential prior to rehabilitation by looking at the client's actual earnings experience a year prior to entry into the VR system. Perhaps even more importantly, instead of projecting what the client could be expected to earn over time by simply extrapolating the earnings at the time of rehabilitation on forward, we looked at actual data. Because the actual data isn't as encouraging as the projections that RSA previously was making, there are different cost benefit ratios.

We evidently were underestimating client potential and over estimating client earnings after rehabilitation. I think the important thing to note here is although you see a reduction in the benefit to cost ratio, the more recent model is a very conservative model; it excludes non-monetary benefits to the clients, and yet it shows a very positive return for a dollar investment. A $5.55 return is very good. So although $5.55 represents a substantial reduction from our previous estimates, it still basically says that this program is a good investment.

Mr. CONTE. Every year that I have been on this committee a new catch word comes up. This year it is longitudinal—longitudinal data, longitudinal studies. Is that the catch word this year?

Ms. CICHOWSKI. Longitudinal studies are very popular for a good reason. It is very important, particularly in a program like vocational rehabilitation, where you are trying to achieve benefits that the recipient will enjoy throughout his or her lifetime, that we look at the longitudinal data so we not only know what happens to the person right after the case is closed, but where they are two years, five years, ten years down the road.

Mr. CONTE. I suppose longitudinal studies are very cheap. Can you can buy them by the gross?

Ms. CICHOWSKI. Longitudinal data is not cheap unfortunately.

SERVICES TO SUBSTANCE ABUSERS

Mr. CONTE. I was interested to read that one of the groups that has increasingly been served by the vocational rehabilitation program is substance abusers. I am trying to look at the overall picture for how much the Federal Government spends to combat drugs. At my request the drug czar this year did a full scale interagency budget. I checked to see whether that budget took into account the amount spent on vocational rehabilitation for drug abusers. Sure enough, it did.

It states that 1.5 percent, or $23,000,000 of the Vocational Rehabilitation block grant is to be used for individuals disabled due to drugs. Is that a fair statement of the resources devoted to the drug problem and rehabilitation services.

Ms. CICHOWSKI. Yes, it is, sir.

Mr. CONTE. Good, hard figures.

Ms. **Cichowski**. We coordinated with Mr. Bennett's office in preparing those documents, and it is our best estimate of what is being used in our vocational rehabilitation program to address this problem.

Mr. **Conte**. Off the record.

[Off the record discussion.]

DRUG-EXPOSED CHILDREN

Mr. **Conte**. What about those individuals whose disability is not drug abuse itself, but disability that results from drug abuse like the wave of cocaine babies that we are facing? Has anyone ever estimated how much rehabilitation funding or even P.L. 94-142 funding is provided or will be needed for individuals suffering from the long-term organic effects of drug abuse?

Dr. **Davila**. We are funding demonstration programs, specifically, models for infants who were prenatally exposed to drugs, and we will be continuing those projects in 1991.

In 1992 we will also be adding projects to provide for model demonstration programs for the 3 to 5 age group, so we are going to be able to assess the extent to which they may become a national problem in the future.

FETAL ALCOHOL SYNDROME

Mr. **Conte**. How about alcohol, the same question for organic effects of alcohol—like fetal alcohol syndrome. Shouldn't those be considered as part of true costs of the substance abuse problem in our country?

Dr. **Davila**. Yes, I agree they should.

SERVICES TO INDIVIDUALS WITH LEARNING DISABILITIES

Mr. **Conte**. Last November the Department came up with the first ever evaluation of the rehabilitation services provided to individuals with learning disabilities. One of the recommendations for this was that RSA and State agencies should enhance existing services by providing additional support for training in LD to all types of service providers.

Is the Rehabilitation Services Administration planning to follow-up on the recommendation of this report?

Mrs. **Carney**. Yes, sir. We have currently organized a work group within RSA to coordinate with the Office of Special Education Programs, and the purpose for that work group is not just to create more paper but to come up with policies on services and give directions to States in serving the severely learning disabled population. I believe it is an underserved population.

TECHNOLOGY ASSISTANCE PROGRAM

Mr. **Conte**. Last November 1st awards were made in nine states of the new Technology Assistance Program. Thirteen more are anticipated in 1990, 12 in 1991. Is the plan to work up to a program that will provide funds to all 50 states? If so, how quickly can we get there?

Dr. **Davila**. Dr. Reswick?

Dr. **Reswick**. Well, sir, as far as I know, we are thinking only in terms of the first three years at this point, which would account for the numbers that you have stated. There is no question that in the first year we received 50 proposals. And many were very good, so the potential for every State to be in the program strongly exists. It seems to me that it would be the intent of Congress to support all States.

Mr. **Conte**. So you don't expect it to get into all 50 States?

Dr. **Reswick**. As you can see, in the first three years, we expect 34 States would receive assistance and anticipate other States would receive grants after that.

Mr. **Conte**. What is the relation of the State development grants and the model projects?

Mrs. **Carney**. If you mean the Supported Employment Statewide Demonstration grants to effect systems change, that is RSA's program. The State projects that we have had for the last two years have been effective and those States that have the Title VI, Part C supported employment activities are far ahead of those States which have not had the projects.

TECHNOLOGY ASSISTANCE MODEL PROJECTS

Mr. **Conte**. For technology assistance, in your justification you show 10 model projects for 1990.

Dr. **Reswick**. You are referring to Title II, which is going to be implemented this year for the first time. Title II authorizes model demonstration projects that will be competitive grants run much as our other R&D projects are run.

TECHNOLOGY ASSISTANCE STATE GRANT AWARDS

Ms. **Christensen**. Mr. Conte, for the Technology Assistance Program, we do have 12 additional States in our budget for fiscal year 1991. Our outyear projections do show level funding, but we are going to take a close look at that, and if we think more States are ready, we will be addressing that as we develop our budget for the next year.

SUPPORTED EMPLOYMENT

Mr. **Conte**. I see. With respect to the supported work program, the most pressing unresolved issue seems to be what happens to the individual, after 18 months. I believe Federal funding for supported work is now phased out. Has anyone taken a look at that to try to figure out what the next step should be to assure that supported work keeps going after 18 months?

Dr. **Davila**. We are encouraged actually by the fact that in the 27 change grant projects in the States, they have indicated willingness to consider extending support to provide long-term services. In addition, 20 States providing mental health services have also expressed an interest in providing long-term service.

That continues to be our number one concern, continuation of the program beyond that period. Ms. Carney, do you want to add to this?

Mrs. **Carney**. In the States where we have had the systems change grants, in some cases developmental disabilities agencies have provided extended services and in other cases mental health programs have become involved in the funding, but we readily admit that we don't have a long-term answer yet.

Mr. CONTE. The Secretary has proposed several changes in the supported work program to make it more flexible and easier for people to take part in the program. If the requested changes are made, how many more persons could be served, and is there enough money in the budget request to support that change?

Mrs. CARNEY. We don't know at this point how many other people could be served. We believe that the requested amount of money in the budget is adequate, sir.

LOW FUNCTIONING DEAF PERSONS

Mr. CONTE. The National Institute on Disability Rehabilitation Research plans to support a new center to deal with the needs of low functioning deaf persons. This center has been raised as one of the reasons why there is no need to fund a consortium of Gallaudet, NTID and other institutions for the deaf to address those needs.

Doctor, what is your view on this? Should there only be one program to address these needs or is there room or a need for multiple programs?

Dr. DAVILA. This was one of the strongest recommendations that came from the Commission on Education of the Deaf, a need to attend to the needs of individuals who are deaf and low functioning, and there are activities that will occur. We will be setting up a new Research and Training Group Center, through NIDRR to look at the problems of deaf people who are low functioning. We hope it will provide the research and development necessary to provide for improvements in other programs for the low-functioning population. The consortium that you mention is a one-time demonstration program that will be competitively awarded sometime later this year. We do not know who the recipient of this award will be.

The new NIDRR center will focus on the needs of low functioning deaf people and evaluate the results of the demonstration project you mentioned.

Ms. CICHOWSKI. Mr. Conte, one of the concerns we have had about the consortium is that the number of programs already in place are potentially better mechanisms for serving the low-functioning deaf, such as the VR system and the Regional Post-Secondary Education Programs for the Deaf. We are concerned about proceeding with yet another separate service delivery system. We need to take a good, hard look at the systems in place and look at ways for improving services to the low functioning deaf within those systems. That is one of the most important activities that the new R&T center is going to undertake. The evalvation proposed under the Special Institutions for the Handicapped account to assess the postsecondary education needs of persons who are deaf would also look at existing services and barriers that exist in using these systems to serve the low-functioning deaf.

The center is also going to be looking at developing some research-based models that would assist service providers in meeting the needs of this population.

Mr. **Conte**. At this point you are saying that there is no need for the consortium?

Ms. **Cichowski**. Yes, we are.

Mr. **Conte**. Oh, you are saying that?

Ms. **Cichowski**. We are not proposing to resind the funds provided in 1990. However, we haven't requested any funds for this purpose in 1991. We have developed a priority notice to implement this project as Congress has directed us to do, in 1990. We are trying to put together as effective a program as we can, but our feeling is that we need to learn more about this issue, and, in particular, how to make the most out of the existing service delivery mechanisms for serving this population, rather than creating yet another vehicle.

Mr. **Conte**. I have quite a few more questions, Mr. Chairman.

TECHNOLOGY ASSISTANCE TITLE II FUNDING

Mr. **Natcher**. Now, Dr. Davila, an appropriation language change is requested, as you know, in the budget justification that would allow the department to fund activities authorized by Title II of P.L. 100-407. Only Title I activities are currently funded.

If you will, now, tell the committee what new activities do you plan? Go right ahead, Dr. Reswick.

Dr. **Reswick**. Thank you, sir. Title II will involve three different activities. The first will be a study by the National Council on Disability that will be funded through NIDRR on the financing of assistive technology devices and services.

The second activity is a feasibility study of the potential for a national information and program referral network. There are a number of systems now in place, and this would look at the best way to utilize the strengths that already exist, where those are and what needs to be done.

The third is a program of model projects, demonstration projects, research and development projects, and income-contingent direct loan demonstration projects to determine the feasibility of a direct loan program for technology assistance.

Mr. **Natcher**. Mr. Reswick, how much do you plan to spend on Title II programs?

Dr. **Reswick**. About $2,000,000, sir.

SUPPORTED EMPLOYMENT

Mr. **Natcher**. The justification indicates wide variations among the States and the average per-client cost of providing supported employment. Why do we see such differences?

Dr. **Davila**. There are at least two reasons for the variations: One reason is the characteristics of the clients served and, second, there are differences in accompanying costs for programs.

Sometimes cost estimates are made at different stages of development of the programs. Also, when there is mostly agency support for a program, it is sometimes difficult to separate all the costs, so that is why there is difficulty in determining costs where there is a wide variation.

RESEARCH ON PROSTHETIC AND ORTHOTIC DEVICES

Mr. **Natcher**. The conference report last fall directed that a portion of the increase for the National Institute on Disability and Rehabilitation Research be used for research into state-of-the-art prosthetic and orthotic devices. How much does the Department expect to spend in this area in fiscal year 1990 and how much is projected for fiscal year 1991?

Dr. **Reswick**. A new competition has just been completed for a center, a rehabilitation engineering center, on children's orthopedics. That will be about a half million dollars. We have a second activity in cooperation with the Strategic Defense Initiative that has to do with applying highly exotic fiber composite materials in orthotics and prosthetics. These activities, plus related activities in our medical programs, would probably come to about a million and a half dollars. This is an estimate.

Mr. **Natcher**. Tell us how much you plan to spend in this area in fiscal year 1990 and also in 1991. Place that in the record for us.

[The information follows:]

CENTER FOR RESEARCH ON PROSTHETIC AND ORTHOTIC DEVICES

In fiscal year 1989, the Department funded seven different projects or Centers dealing with prosthetic and orthotic devices through the National Institute on Disability and Rehabilitation Research (NIDRR). A total of $1,250,000 was spent on these projects.

In 1990, the Department, through NIDRR, will continue to support these projects. It will also provide about $500,000 for a new Research Engineering Center dealing with prosthetic and orthotic devices for children with orthopedic disabilities. It is probable that some new projects dealing with prosthetic and orthotic devices will be funded through NIDRR's Field-Initiated Research and Innovation Grants programs, but, at this time, we cannot predict the number or dollar amount. In addition, through the new model projects program under the Technology Assistance program, the Department intends to announce a priority for research and development in prosthetic and orthotic devices. We do not know at this time how many projects will be funded under this priority. The Department expects to provide at least $2,000,000 in 1990 to support activities dealing with prosthetic and orthotic devices.

In 1991, the Department will continue to support the activities supported in 1990. In addition, the Department expects to fund additional projects under NIDRR's Field-Initiated Research and Innovation Grants programs and the model projects program under the Technology Assistance program. The Department expects to provide more than $2,000,000 in 1991 to support activities dealing with prosthetic and orthotic devices.

LONGITUDINAL STUDY

Mr. **Natcher**. Last year the Department requested $500,000 to initiate a longitudinal study of the rehabilitation program. What is the status of that project and does the fiscal 1991 budget request continuation funding? Is there continuation funding in the bill before us?

Dr. **Davila**. Ms. Cichowski?

Ms. **Cichowski**. Mr. Natcher, we have decided not to initiate that study in 1990. What has happened in the meantime is we received the results of a much smaller longitudinal study that we undertook that used data on earnings that is collected by the Social Security Administration.

The study is referred to as the RSA-Social Security data link study. This study includes about eight years of data on employment participation and earnings of VR clients, and the results were very interesting. It wasn't a large investment, so what we have decided to do is to undertake an update of this joint RSA-SSA study, perhaps using 1991 funds, and postpone the initiation of a much larger longitudinal study until sometime in the future.

COMPREHENSIVE HEAD INJURY CENTERS

Mr. NATCHER. In fiscal year 1990 the Department received, as you know, $15,000,000 for one time start-up grants to establish a system of regional comprehensive head injury prevention and rehabilitation centers. How many awards are planned and what is the status of the awards? Where are we with this $15,000,000?

Dr. DAVILA. We published a notice for this competition and there is a closing date of March 12th. We expect to make four awards of about $3,700,000 each.

Mr. NATCHER. When do you expect to make these awards, Dr. Davila?

Dr. DAVILA. Later in fiscal year 1990. The closing date for applications is March 12th, so I think sometime late in the year.

Mrs. CARNEY. It will be in the last quarter of this fiscal year.

Mr. NATCHER. Last quarter of this fiscal year?

Mrs. CARNEY. Yes, sir.

Mr. NATCHER. This concludes the hearings on the budget requests for Rehabilitation Services and Handicapped Research.

Dr. Davila, this has been a good hearing. We appreciate your appearance before the committee, and I want to commend you for the way you handled your section. You are doing all right, Dr. Davila. You are doing all right.

Dr. DAVILA. Thank you, sir. Thank you.

Mr. NATCHER. You are doing good.

The committee will now adjourn until 2 o'clock Monday.

[The following questions were submitted to be answered for the record:]

SERVICES FOR LESS SEVERELY HANDICAPPED PERSONS

Mr. Natcher: Are less severely handicapped persons, who could probably be successfully rehabilitated and placed, being excluded from services in order to respond to the needs of the law?

Dr. Davila: Approximately 65 percent of the individuals served in the VR program are considered to be severely handicapped. The Rehabilitation Act requires that an "order of selection" rule be implemented when States are unable to serve all eligible individuals due to limited financial resources. Under the order of selection provision, individuals with the most severe handicaps are given priority for services. The most recent information indicates that only 19 agencies (23 percent) are currently operating under the order of selection rule, including 16 general and 3 blind agencies. In addition, several agencies operating under the order of selection rule have indicated that they are continuing to serve non-severely handicapped individuals, though perhaps on a limited basis, by providing non-purchased services and by utilizing comparable benefits to cover the costs of purchased services.

CLIENTS WHO ARE NOT REHABILITATED

Mr. Natcher: What happens to the clients that are not rehabilitated and placed?

Dr. Davila: In 1988, approximately 37 percent of the cases closed were not rehabilitated. About one-quarter of VR cases are unsuccessfully closed because the client has moved or can not otherwise be located. Other major reasons for non-rehabilitation include client refusal of services or further services and failure to cooperate. The frequency at which the severity of the handicapping condition is cited as the reason for an unsuccessful closure has been decreasing, representing about 9 percent of the cases.

The Supported Employment program now offers an alternative service strategy for many clients who, in the past, may not have been rehabilitated, placed in employment, or even accepted for services due to the severity of their disability. Severely disabled clients in need of independent living skills are referred to the Independent Living Services program in order to enable them to function more effectively in the home and the community. In addition, clients are referred to other public and private agencies in the community as appropriate.

Mr. Natcher: Do they drop out of the system after a specific period of time?

Dr. Davila: There are no statutory or regulatory time limits on how long a client may continue to receive services in the VR program. Many clients with multiple handicaps receive services over a period of many years. According to a 1989 Department-funded study, VR cases closed in 1985 spent an average of 19 months in the program. Although approximately 23 percent of the clients completed the process within six months, 26 percent of the clients took up to two years to complete the program and another 26 percent were in the process for over two years. The encouraging news is that a recent Department-funded study found that there is a strong relationship between the length of time in VR services and client gains in real earnings. In fact, people who received some services but did not complete the program successfully still showed gains in real earnings.

HOW NIDRR INCORPORATES THE NEEDS OF THE REHABILITATION COMMUNITY

Mr. Natcher: Another concern we hear from the rehabilitation community is that research should be more responsive to the consumer, specifically in areas like the quality of life. How does your research agenda incorporate the opinions and needs of the rehabilitation community it serves?

Dr. Davila: The National Institute on Disability and Rehabilitation Research (NIDRR) is cognizant of the need to keep disability research responsive not only to the concerns of the consumer -- primarily individuals with disabilities, but also their family members, rehabilitation clinicians and practitioners, and administrators and policymakers.

NIDRR conducts intensive planning efforts in the development of new priorities, especially priorities for Rehabilitation Research and Training Centers and Rehabilitation Engineering Centers that represent substantial long-term investments. Planning meetings or state-of-the-art conferences are held in connection with every new priority for a Center. These meetings involve researchers, individuals with disabilities, service providers, and experts on training and knowledge dissemination.

In addition, NIDRR routinely surveys professional associations such as the Council of State Administrators of Vocational Rehabilitation (CSAVR) and the Association for the Advancement of Rehabilitation Engineering (RESNA), consumer representatives such as the National Council on Disabilities, and Federal agencies represented on the Interagency Committee on Disability Research to obtain their suggestions for new research priorities.

All of the NIDRR-funded Centers are required to have individuals with disabilities represented in all aspects of the planning, conduct, and evaluation of Center activities. Some of the individual projects have mechanisms for consumer input as well. Wherever feasible, NIDRR priorities are written to require the respondent and eventual grantee to provide meaningful roles for the constituency in shaping the direction of the research. We believe that many of our grantees have developed innovative ways to involve individuals with disabilities and other consumers in their activities.

CLIENT RECIDIVISM

Mr. Natcher: Is there a revolving door syndrome, where clients complete the program, work for a time, lose their jobs, then reenter the rehabilitation process? Is there a limit to the number of times a client can receive services?

Dr. Davila: Individuals who were previously successfully rehabilitated and are in need of further services may re-enter the rehabilitation process as a new case. Other clients who do not require a high degree of intervention to help them maintain or regain employment may receive post-employment services. In fiscal year 1989, VR agencies provided one or more post-employment services to 17,655 persons. Eighty-one percent of these individuals were able to maintain or regain their current employment. There is no limit to the number of times a client can receive services.

The RSA/SSA Data Link Study found that 92.2 percent of rehabilitants retained their job in the first year after the closure of the case. The decrease in labor force participation was 3.8 percent in each succeeding year. Clients who had Social Security-reported earnings for that year were considered to have participated in the labor force. The study estimated the repeater rate of rehabilitants to be 5.4 percent. Repeaters are defined as successfully closed clients who return for services within three years following closure. Of the individuals rehabilitated in fiscal year 1988, 5.8 percent had been previously rehabilitated within three years of the most recent date of application. The cases of another 2.4 percent had been previously closed as not rehabilitated within the same time span. The data indicate that the percent of individuals with a previous closure is higher for the severely disabled both for those individuals who were previously closed as rehabilitated and not rehabilitated.

REHABILITATION RESEARCH AND TRAINING CENTER ON THE NEEDS OF LOW-FUNCTIONING DEAF INDIVIDUALS

Mr. Natcher: The Conference Report directed the NIDRR to establish a research and training center dealing with the needs of low-functioning deaf individuals. What is the status of this project and how long will it be before we can expect recommendations?

Dr. Davila: The National Institute on Disability and Rehabilitation Research (NIDRR) developed a statement of a proposed priority for such a Center, involving the constituency in the formation of the priority through a conference sponsored by the Research and Training Center at the University of West Virginia. The Department of Education forwarded the proposed priority to the Office of Management and Budget on February 21. We anticipate that the priority will be published in March. This will enable us to issue a closing data notice in April and make the award for the new Center in September.

The award will be for a five-year period. NIDRR does not expect that there will be recommendations based on the research of the Center for several years.

COMPREHENSIVE HEAD INJURY CENTERS

Mr. Stokes: In FY 1990, Congress appropriated $15 million for one-time start-up grants to establish a system of regional comprehensive head injury prevention and rehabilitation centers. What is the status of this initiative?

Dr. Davila: The Department published a notice in the Federal Register on December 27, 1989, inviting applications for new awards under the program of Special Projects and Demonstrations for providing vocational rehabilitation services to individuals with severe handicaps. In accordance with the language earmarking the funds for these awards, the notice specifies that all applications must be for projects designed to establish regional comprehensive head injury rehabilitation and prevention centers. The closing date for the submittal of applications in response to the notice is March 12, 1990.

We expect to make four awards between $3,375,000 and $4,125,000. Awards will be made by September 30, 1990. Projects may be funded for a period of up to 48 months.

NIDRR AWARDS

Mr. Stokes: You propose to level fund the National Institute on Disability and Rehabilitation Research (NIDRR). You have not included an increase for inflation. Your statement indicates that the 1991 request would enable NIDRR to fund continuation grants and make approximately 70 new awards. How many new awards do you expect to make in FY 1990? For the record, please provide a chart showing dollars and the number of awards you expect to make in FY 1990 and FY 1991 in each category (Centers, Research Projects, etc.). Please break out competing and noncompeting awards.

Dr. Davila: NIDRR expects to make about 74 new awards and 125 continuation grants in fiscal year 1990.

NIDRR ESTIMATED AWARDS FOR FY 1990 AND FY 1991 1/
($s in millions)

	FY 1990				FY 1991			
	NEW		CONTINUATION		NEW		CONTINUATION	
PROGRAM	NO.	FUNDS	NO.	FUNDS	NO.	FUNDS	NO.	FUNDS
Research and Demonstration 2/	8	$3.1	20	$ 3.8	6	$1.4	16	$ 3.2
Research and Training Centers	5	2.2	35	20.3	2	2.1	38	21.2
Innovation Grants	20	1.0	--	--	20	1.0	--	--
Knowledge Dissemination & Utilization	6	1.3	6	2.7	6	.8	10	2.0
Rehabilitation Engineering Centers	2	1.7	16	9.0	1	.6	18	10.8
Fellowships	10	.3	--	--	10	.3	--	--
Field-Initiated Research	20	2.5	42	4.1	25	3.0	53	5.0
Research Training	3	.6	6	.7	3	.5	7	1.1
Other 3/	--	1.0	--	--	--	1.3	--	--
Total	74	$13.7	125	$40.6	73	$11.0	142	$43.3

1/ All new awards are competitive. Continuations are not competitive.
2/ NIDRR also expects to fund at least 25 Small Business Innovative Contracts under this program.
3/ Includes field readers, contracts, printing, and miscellaneous

Mr. Stokes: How many field initiated research grant applications did you receive in FY 1989? How many were you able to fund? Please compare this to your expectation for FY 1990 and FY 1991.

Dr. Davila: NIDRR received 232 applications for Field-Initiated Research (FIR) grants in fiscal year 1989. NIDRR made 21 new FIR awards in fiscal year 1989. NIDRR expects to make 25 new FIR awards in both fiscal years 1990 and 1991.

Mr. Stokes: What kinds of innovative projects have been funded by NIDRR's Small Business Innovative Research Contracts program? Have there been projects that are particularly noteworthy?

Dr. Davila: NIDRR is funding a number of innovative projects related to technology and disability under the Small Business Innovation Grants program. For example, there are two companies looking at methods to use court reporting systems to provide captioning that would enable deaf individuals to serve as jurors, attorneys, and courtroom assistants, as well as to facilitate their roles as witnesses, defendants, or plaintiffs in litigation. One company has developed a new form of communications loop that can provide enhanced sound for individuals with hearing impairment in classrooms, meeting rooms, and other public places. This should enhance the ability of individuals with hearing impairment to participate in education, work, and recreational activities.

RECREATIONAL PROGRAMS

Mr. Stokes: You propose eliminating funding for recreational programs. What kinds of activities are currently supported by this program?

Dr. Davila: Recreation projects support a wide range of activities such as aquatics, camping, fine arts, and fitness programs adapted to disabled persons living in urban and rural areas throughout the country. All projects are intended to provide integrated recreational opportunities for persons with disabilities and provide them with opportunities to gain self confidence, interact with nondisabled persons, and develop a more independent life style in the community.

REHABILITATION RESEARCH AND TRAINING CENTER FOR LOW-FUNCTIONING DEAF INDIVIDUALS

Mr. Stokes: The FY 1990 Conference Report directed NIDRR to establish a research and training center dealing with the needs of low-functioning deaf individuals. At what level will this center be funded in FY 1990? How much is requested for the center in FY 1991?

Dr. Davila: NIDRR expects to award $600,000 for the Center in FY 1990. NIDRR expects to fund the continuation at $600,000 in 1991.

PROJECTS WITH INDUSTRY

Mr. Stokes: $18.8 million is requested for projects with industry. This is the same as the FY 1990 appropraition. Tell us about the kinds of projects that are currently funded and the number of individuals that are being served by this program.

Dr. Davila: The primary goal of this discretionary grant program is to expand job opportunities for people with disabilities in the competitive labor market. Jobs obtained under the program range from service positions to highly technical or managerial positions. Examples of successful projects include: (1) training of severely disabled people for jobs in data processing and computer technology by IBM; (2) training for high demand positions in Computer Aided Drafting (CAD) by Chicagoland PWI, Inc.; (3) coordination of placements in the electronics industry by the Electronic Industries Foundation; and (4) training individuals for jobs in companies with union contracts by the Human Resources Institute of the AFL/CIO and the International Association of Machinists.

During fiscal year 1987 and 1988 over 45,000 people with disabilities were served and more than 27,000 were placed into competitive employment. Average weekly earnings were $204.

Mr. Stokes: Has there been a recent evaluation of this program? If so, was it found to be effective?

Dr. Davila: The most recent evaluation of the PWI program was conducted in 1985 and the report was completed in 1986. The evaluation covered the program year 1983-1984. Generally, the report concluded that PWI projects are experiencing success in their efforts to assist persons with disabilities in obtaining competitive employment. The relatively low cost per placement, especially for older projects, suggests that PWI projects are accomplishing their goals in an efficient manner. Another measure of the program's success is the high level of employer satisfaction with the program. Nearly 5,000 business persons and rehabilitation professionals donate their time to PWI projects by serving on project advisory committees.

Beginning with grants awarded in this fiscal year, applicants for continuation funding must include data for the most recent project year in order to determine if the grantee has met the program compliance indicators. Indicators will measure performance in the following areas: persons with severe disabilities served, unemployed served, cost per placement, projected cost per placement, placement rate, projected placement rate, change in earnings, percent placed who have severe disabilities, and the percent unemployed placed.

TRAUMATIC HEAD INJURY

Mr. Conte: One of the evaluation studies you indicate is planned for 1990 is a "best practice" study of services for individuals with traumatic head injury. What is the intent of this study and what do you hope to accomplish?

Dr. Davila: The primary objectives of the traumatic brain injury best practice study are: to review and analyze current practices in the VR State program for individuals who have had a traumatic brain injury; to describe effective practices; and to develop recommendations concerning replication of such practices. The study will identify the vocational rehabilitation related services that are needed by this population and describe the response of the VR system to those needs. The study should also assist RSA in targeting possible future initiatives to expand or improve services to this population.

Mr. Conte: One of the complaints that folks who advocate for the head injured have had is that, for most purposes, services are not categorized in a way that makes apparent how much disability results from traumatic head injury. They argue that as a result, much less attention is paid to prevention, research and treatment than is warranted. I know RSA has been looking at this issue over the years. What changes have been made or should be made in how disability resulting from head injury is categorized? Should it be recognized as a separate category under all programs providing services?

Dr. Davila: There is a specific category in the individual case service report system (RSA-911) for identifying persons receiving VR services who have had a traumatic brain injury. Primary and secondary disabling conditions as a result of the injury such as orthopedic, visual, aural, neurological, perceptual/ cognitive, or mental/emotional handicaps are also documented. Individuals who have had a traumatic brain injury are also categorically identified in the delivery of Independent Living services. The information which is being collected will be of assistance in researching the multiple service needs of this population.

INDEPENDENT LIVING SERVICE NEEDS

Mr. Conte: What percent of individuals in need of independent living services are now receiving them?

Dr. Davila: It is not possible to project an accurate percentage of individuals in need of independent living services who are or are not receiving them. The federally funded Centers for Independent Living served approximately 50,000 individuals in fiscal year 1990 through 196 center locations. In addition, an estimated 32,000 persons received comprehensive independent living rehabilitation services through State vocational rehabilitation agencies. Because of the limited number of years the Independent Living Services for Older Blind program has been operating, data is not available on the number of persons served through this program.

Currently, there is at least one Federal center in every State, the District of Columbia, Puerto Rico, the Virgin Islands, and American Samoa. States and private sources have funded many more centers. The 1986 amendments to the Rehabilitation Act added a provision requiring the Secretary to award grants to new centers for independent living in unserved geographic areas. In response to this requirement, the Department looks for information in new applications that shows a need for these services relative to existing programs and facilities. Data is not available on whether there are persons who are not being served by these various projects.

There is some data which provides information on the potential service population. For example:

- The Federal independent living programs are intended to provide services for persons whose disabilities are so severe that they do not presently have the potential for employment, but may benefit from services which may enable them to live and function independently. The number of noninstitutionalized persons with a work disability is estimated by the Census Bureau to be 13.3 million, or 8.6 percent of the working age population (16 to 64 years old). Of this number, approximately 4,468,800 or 33.6 percent are in the labor force. A subset of 697,000 of these persons are unemployed.

o The Harris Poll conducted a national survey of 1,000 noninstitutionalized disabled persons aged 16 and over which indicated that 60 percent of individuals with severe disabilities were unemployed.

In addition, the number of persons who are 65 and over and experiencing a disability which results in a significant functional disability is increasing. These figures indicate that there is a potentially large pool of persons who might benefit from independent living services. However, it cannot be inferred from this data what percentage of these individuals may in fact be in need of or desire independent living services.

SEVERELY HANDICAPPED

Mr. Conte: The 1986 amendments to the Rehabilitation Act required States to undertake needs assessments of persons with severe handicaps. How effective have State agencies been in identifying persons with severe handicaps and assessing their needs?

Dr. Davila: Based on the data we have received, State vocational rehabilitation agencies have been reasonably effective in identifying and assessing the needs of severely handicapped individuals. The needs of these individuals are identified through vehicles such as statewide meetings of agencies serving this population, statewide forums and public hearings, and through involvement with business and industry advisory councils.

State VR agencies recognize the importance of cooperation among service providers in facilitating the continuity of services and insuring the long term success of severely handicapped individuals. State VR agencies are initiating more cooperative agreements with State and local public and private agencies such as the Governor's Committee on Employment of the Handicapped, Employment Advisory Councils, and State Developmental Disability Agencies. In addition, RSA plans to undertake a study of "best practice" in conducting a needs assessment. The results of this study will be shared nationwide.

Target populations identified as being in the most need of improved or expanded services include individuals with traumatic brain injury, learning disabilities, chronic mental illness, and severe mobility impairments. Native Americans and persons with severe disabilities who are transitioning from special education programs have also been identified. Services identified as needing improvement and expansion include accessible public transportation, attendant care, home employment, housing, technology development, and service delivery in rural areas.

REHABILITATION ENGINEERING

Mr. Conte: Rehabilitation engineering services were authorized as a vocational rehabilitation service by the 1986 amendments. Have these services been made available to vocational rehabilitation clients, and have they been effective in furthering vocational objectives?

Dr. Davila: Rehabilitation engineering services are now available in each State and Territory as required by the Rehabilitation Act of 1973, as amended. States must submit an attachment to the State Plan specifying the extent of service availability. Currently, there is no objective measure at the Federal level to determine the effectiveness of these services. RSA has developed instruments to be used in monitoring and in providing technical assistance to State VR programs. RSA will be reviewing the policies and procedures used by State agencies to meet the requirements established by the 1986 amendments and service delivery. RSA intends to collect data on engineering services in the future.

JUSTIFICATION OF THE BUDGET ESTIMATES

DEPARTMENT OF EDUCATION

Rehabilitation Services and Handicapped Research

Fiscal Year 1991 Budget Request — Page No.

Appropriation language.. F-1
Explanation of language changes.. F-1
Language analysis.. F-2
Amounts available for obligation... F-3
Budget authority by activity... F-4
Budget authority by object... F-5
Summary of changes... F-6
Authorizing legislation.. F-8
Table of estimates and appropriation..................................... F-10
Significant items in congressional appropriations reports................ F-11

Justification:

Account summary.. F-13

Activities:
1. State grant programs:

a. Vocational rehabilitation State grants................................ F-15
b. Supported Employment.. F-19
c. Client assistance... F-22

2. Special purpose funds:
a. Service and demonstration projects:

(1) Special demonstration programs...................................... F-25
(2) Supported employment projects....................................... F-27
(3) Recreational programs... F-30
(4) Migratory workers... F-32
(5) Projects with industry.. F-34
b. Helen Keller National Center.. F-37
c. Independent living.. F-42
d. Training.. F-48
e. National Institute on Disability and Rehabilitation Research.......... F-52
f. Technology assistance... F-59
g. Evaluation.. F-62
State tables.. F-65

REHABILITATION SERVICES AND HANDICAPPED RESEARCH

For carrying out, to the extent not otherwise provided, the Rehabilitation Act of 1973, [title I of] Public Law 100-407, 1/ and the Helen Keller National Center Act, as amended, [$1,804,870,000] $1,839,073,000, of which [$32,674,000] $17,455,000 shall be for special demonstration programs under sections 311(a), (b), and (c) [including $15,000,000 for one-time start-up grants to establish a system of regional comprehensive head injury prevention and rehabilitation centers]. 2/ (Department of Education Appropriations Act, 1990.)

Explanantion of Language Changes

1/ Language limiting the use of funds to activities authorized under Title I of P.L. 100-407 has been deleted so that funds can be used for activities authorized under both Titles I and II.

2/ This language is deleted since its purpose has been accomplished.

Rehabilitation Services and Handicapped Research

Language Analysis

Language Provision	Explanation
...[$32,674,000] $17,455,000 shall be for special demonstration programs under sections 311(a), (b), and (c)...	This language earmarks $17,455,000 for Special Demonstration programs thus overriding the 5 percent statuatory set-aside for the Migratory Workers program.
...[including $15,000,000 for one-time start-up grants to establish a system of regional comprehensive head injury prevention and rehabilitation centers].	This language earmarks funds to establish head injury centers in 1990.

Rehabilitation Services and Handicapped Research

Amounts Available for Obligation

	1989	1990	1991
Appropriation:			
Annual................	$1,667,570,000	$1,804,870,000	$1,839,073,000
Reappropriation (P.L. 100-436)......	500,000	---	---
Sequester............	---	-24,658,000	---
Subtotal, adjusted appropriation...	1,668,070,000	1,780,212,000	1,839,073,000
Comparative transfer from:			
Education for the Handicapped for: Technology assistance.	5,150,000	---	---
Subtotal, comparative budget authority.......	1,673,220,000	1,780,212,000	1,839,073,000
Unobligated balance available, start of year....	500,000	---	---
Unobligated balance available, end of year......	---	---	---
Unobligated balance lapsing................	-140,000	---	---
Unobligated balance restored..............	812,000	---	---
Total obligations..	1,674,392,000 1/	1,780,212,000 1/	1,839,073,000 1/

1/ Excludes $1,435 thousand for reimbursable activities carried out by this account.

Rehabilitation Services and Handicapped Research

Budget Authority by Activity

	1989 Appropriation	1990 Appropriation	1991 Request
1. State Grants:			
(a) Vocational rehabilitation State grants:			
(1) Grants to States.......	$1,446,375,000	$1,524,677,000	$1,593,287,000
(2) Grants for Indians.....	3,625,000	3,821,000	3,993,000
Subtotal.............	1,450,000,000	1,528,498,000	1,597,280,000
(3) Reappropriation........	500,000	---	---
(b) Supported employment.......	27,227,000	27,630,000	28,790,000
(c) Client assistance..........	7,775,000	7,901,000	8,233,000
Subtotal, State grants..	1,485,502,000	1,564,029,000	1,634,303,000
2. Special purpose funds:			
(a) Service and Demonstration projects:			
(1) Special demonstration programs.............	17,200,000	32,269,000	17,455,000
(2) Supported employment projects.............	9,520,000	9,876,000	9,876,000
(3) Model transition grants	475,000	---	---
(4) Recreational programs..	2,620,000	2,588,000	---
(5) Migratory workers......	1,100,000	1,086,000	1,086,000
(6) Projects with industry.	17,350,000	18,765,000	18,765,000
(b) Helen Keller National Center	4,900,000	4,938,000	5,198,000
(c) Independent living:			
(1) Comprehensive services.	12,678,000	12,938,000	13,481,000
(2) Centers................	26,000,000	26,666,000	26,666,000
(3) Services for older blind	5,700,000	5,827,000	5,827,000
(d) Training..................	30,500,000	31,110,000	31,110,000
(e) National Institute on Disability and Rehabilitation Research	53,525,000	54,318,000	54,318,000
(f) Technology assistance......	5,150,000	14,814,000	20,000,000
(g) Evaluation.................	1,000,000	988,000	988,000
Subtotal, Special purpose funds......	187,718,000	216,183,000	204,770,000
Total.................	1,673,220,000	1,780,212,000	1,839,073,000

Rehabilitation Services and Handicapped Research

Budget Authority by Object

	1989 Appropriation	1990 Appropriation	1991 Request
Printing and reproduction........	$43,000	$47,000	$43,000
Other Services Project contracts...	5,084,000	5,322,000	3,643,000
Grants, subsidies & contributions.....	1,668,093,000	1,774,843,000	1,835,387,000
Total.......	1,673,220,000	1,780,212,000	1,839,073,000

Rehabilitation Services and Handicapped Research

Summary of Changes

1990 Appropriation	$1,780,212,000
1991 Request	1,839,073,000
Net change	+58,861,000

	1990 base	Change from base
Increases:		
Program:		
1. Increase in funding for Vocational rehabilitation State grants to fund mandated increases	$1,524,677,000	+$68,610,000
2. Increase in funding for Grants to Indians to reflect mandated increases	3,821,000	+172,000
3. Increase in funding for Supported Employment State Grants to help meet increased costs	27,630,000	+1,160,000
4. Increase in funding for Client Assistance to help meet increased costs	7,901,000	+332,000
5. Increase in funding for Helen Keller National Center to help meet increased costs	4,938,000	+260,000
6. Increase in funding for Independent Living Comprehensive Services to help meet increased costs	12,938,000	+543,000
7. Increase in funding for Technology Assistance to support continuations and to make new grant awards	14,814,000	+5,186,000
Subtotal		+76,263,000

Rehabilitation Services and Handicapped Research

Summary of Changes -- continued

	1990 base	Change from base
Decreases:		
Program:		
1. Decrease in funding for Special Demonstration programs to reflect elimination of one-time start-up funding in 1990 for head injury centers............................	$32,269,000	-$14,814,000
2. Elimination of funding for Recreational programs since these activities should be funded by private charities and local organizations......................	2,588,000	-2,588,000
Subtotal...................		-17,402,000
Net Change................		+58,861,000

Rehabilitation Services and Handicapped Research

Authorizing Legislation

Activity	1990 Authorized	1990 Appropriation	1991 Authorized	1991 Request
State grants:				
Vocational rehabilitation				
State grants:				
Grants to States				
Basic grants (RA-I-100)...............	$1,502,123,000 1/2/	$1,524,677,000	$1,597,280,000 2/3/	$1,593,287,000
Grants for Indians (RA-I-130)..........	2/	3,821,000	2/	3,993,000
Supported employment (RA-VI-C)............	29,730,000	27,630,000	30,949,000	28,790,000
Client assistance (RA-I-112)..............	8,450,000	7,901,000	8,796,000	8,233,000
Special purpose funds:				
Service and demonstration projects:				
Special demonstration programs (RA-III-311)	18,900,000 4/5/	32,269,000	19,675,000 4/5/	17,455,000
Supported employment projects (RA-III-311)	10,690,000	9,876,000	11,128,000	9,876,000
Recreational programs (RA-III-316)........	2,780,000	2,588,000	2,894,000	—
Migratory workers (RA-III-312)............	5/	1,086,000	5/	1,086,000
Projects with industry (RA-VI-B-621)......	19,149,000	18,765,000	19,925,000	18,765,000
Helen Keller National Center (P.L. 98-221-201)	Indefinite	4,938,000	Indefinite	5,198,000
Independent living:				
Comprehensive services (RA-VII-A).........	13,860,000	12,938,000	14,428,000	13,481,000
Centers (RA-VII-B)........................	28,980,000	26,666,000	30,168,000	26,666,000
Services for older blind (RA-VII-C).......	6,300,000	5,827,000	6,558,000	5,827,000
Training (RA-III-304).....................	37,000,000	31,110,000	38,517,000	31,110,000
National Institute on Disability and Rehabilitation Research (RA-II)...........	58,000,000	54,318,000	60,378,500	54,318,000
Technology Assistance (P.L. 100-407).........	Indefinite	14,814,000	Indefinite	20,000,000
Evaluation (RA-14)...........................	Indefinite	988,000	Indefinite	988,000

Rehabilitation Serv. and Handicapped Research

Authorizing Legislation -- Continued

Activity	1990 Authorized	1990 Appropriation	1991 Authorized	1991 Request
Unfunded authorizations:				
Maintenance of effort (RA-I-110)	Indefinite	---	Indefinite	---
Innovation and expansion (RA-I-120)	Indefinite	---	Indefinite	---
Construction grants (RA-III-301)	Indefinite	---	Indefinite	---
Training services (RA-III-302)	Indefinite	---	Indefinite	---
Comprehensive rehabilitation centers (RA-III-305)	Indefinite	---	Indefinite	---
Model transition grants (RA-III-311)	$535,550	---	$557,000	---
Business opportunities (RA-VI-622)	Indefinite	---	Indefinite	---
Protection and advocacy (RA-VII-D-731)	Indefinite	---	Indefinite	---
Total definite authorization	1,736,497,550		1,841,253,500	
Total appropriation		$1,780,212,000		$1,839,073,000

1/ The authorizing legislation mandates funding at least at the level of $1,502,123,000, which is the 1989 appropriation adjusted by the twelve month change in the Consumer Price Index for all Urban Consumers (CPIU) published October 1988. The legislation authorizes additional sums to be appropriated but limits the appropriation to an amount not to exceed $1,705,011,000.

2/ The Rehabilitation Act Amendments for 1986 require that 0.25 of 1 percent to 1 percent of the appropriation for Vocational rehabilitation State grants be set aside for Grants for Indians.

3/ The authorizing legislation mandates funding at least at the level of $1,597,280,000, which is the 1990 appropriation adjusted by the twelve month change in the CPIU published this past October. The legislation authorizes additional sums to be appropriated but limits the appropriation to an amount not to exceed $1,875,512,100.

4/ Of the amount appropriated against this authorization, 5 percent must be set aside for Migratory workers.

5/ Of the amount appropriated for Special Demonstration programs, 5 percent must be set aside for Migratory Workers. There is further authorized such additional amount as may be necessary to equal, when added to the amount made available by the 5 percent from Special Demonstration programs, an amount of $5,000,000.

Rehabilitation Services and Handicapped Research

Table of Estimates and Appropriations

	Budget Estimate to Congress	House Allowance	Senate Allowance	Appropriation 1/
1982	$1,010,519,000	$953,544,000	$991,640,000	$951,974,000
1983	649,807,000	1,035,034,000	1,036,534,000	1,045,154,000
1984	1,036,534,000	--- 2/	1,110,900,000	1,155,100,000
1985	1,091,660,000	1,215,400,000	1,253,265,000	1,233,300,000
1985 Supplemental	---	---	715,000	715,000
1986	1,216,400,000	1,233,900,000	1,362,000,000	1,362,000,000
1986 Sequester				-52,239,000
1986 Proposed Rescission	-75,439,000	---	---	---
1987	1,225,400,000	1,152,656,000 3/	1,484,758,000	1,484,758,000
1987 Proposed Rescission	-127,455,000	---	---	---
1988	1,401,123,000	1,561,940,000	1,619,395,000	1,590,400,000
1989	1,616,435,000	1,656,592,000	1,669,895,000	1,668,070,000
1990	1,735,161,000	1,743,973,000	1,789,870,000	1,804,870,000
1990 Sequester				-24,658,000
1991	1,839,073,000			

1/ Reflects enacted supplementals, rescissions, and reappropriations in amounts appropriated prior to fiscal year 1985.

2/ The House deferred consideration of appropriations for rehabilitation services programs pending the enactment of authorizing legislation.

3/ The House deferred consideration of appropriations for all rehabilitation programs except for vocational rehabilitation State grants and the Helen Keller National Center pending the enactment of reauthorizing legislation.

Rehabilitation Services and Handicapped Research

Significant Items in Congressional Appropriation Reports

Item	Action taken or to be taken
1990 House Report	
Research on Prosthetic and Orthotic Devices	
The Committee expects that a portion of the increase in the Technology Assistance program will be used for research into state-of-the-art prosthetic and orthotic devices.	The Conferees directed that a portion of the increase for NIDRR, not for the Technology Assistance program, be used for this purpose.
1990 Senate Report	
Technology Assistance	
The Committee directed that at least $500,000 be made available for model projects, at least $250,000 be made available for a financing study of assistive technology devices and services, and that $750,000 be made available for a study of the feasibility of setting up an information and referral network.	The Department expects to provide $1,000,000 for the 3 types of model projects authorized under Title II, including at least $500,000 for demonstration projects. The Department is now preparing regulations and expects that awards for the model projects will be made in the fourth quarter of 1990. In 1990, the Department will also transfer $250,000 to the National Council on Disability for the financing study and will award a contract for the feasibility study.
1990 Conference Report	
Research on Low-functioning Deaf Individuals	
The Conferees directed NIDRR to establish a research and training center dealing with the needs of low-functioning deaf individuals.	NIDRR will establish this new research and training center in 1990.

Rehabilitation Services and Handicapped Research

Significant Items in Congressional Appropriation Reports

Item	Action taken or to be taken
1990 Conference Report	
Research on Prosthetic and Orthotic Devices	
The Conferees directed NIDRR to spend a portion of its increased appropriation to develop improved prosthetic and orthotic devices using new technologies.	In 1990, NIDRR plans to fund a Research Engineering Center on technology for children who are orthopedically impaired. The Center will conduct research into and develop state-of-the art prosthetic and orthotic devices.

Rehabilitation Services and Handicapped Research

Account Summary

	1989 Appropriation	1990 Appropriation	1991 Request
1. State Grants:			
(a) Vocational rehabilitation State grants:			
(1) Grants to States......	$1,446,375,000	$1,524,677,000	$1,593,287,000
(2) Grants for Indians....	3,625,000	3,821,000	3,993,000
Subtotal.............	1,450,000,000	1,528,498,000	1,597,280,000
(3) Reappropriation.......	500,000	—	—
(b) Supported employment...	27,227,000	27,630,000	28,790,000
(c) Client assistance......	7,775,000	7,901,000	8,233,000
Subtotal, State grants.............	1,485,502,000	1,564,029,000	1,634,303,000
2. Special purpose funds:			
(a) Service and demonstration projects:			
(1) Special demonstration programs..........	17,200,000	32,269,000	17,455,000
(2) Supported employment projects..........	9,520,000	9,876,000	9,876,000
(3) Model transition grants............	475,000	—	—
(4) Recreational programs..........	2,620,000	2,588,000	—
(5) Migratory workers...	1,100,000	1,086,000	1,086,000
(6) Projects with industry..........	17,350,000	18,765,000	18,765,000
(b) Helen Keller National Center......	4,900,000	4,938,000	5,198,000
(c) Independent living:			
(1) Comprehensive services..........	12,678,000	12,938,000	13,481,000
(2) Centers.............	26,000,000	26,666,000	26,666,000
(3) Services for older blind.......	5,700,000	5,827,000	5,827,000
(d) Training...............	30,500,000	31,110,000	31,110,000
(e) National Institute on Disability and Rehabilitation Research.............	53,525,000	54,318,000	54,318,000
(f) Technology assistance..	5,150,000	14,814,000	20,000,000
(g) Evaluation.............	1,000,000	988,000	988,000
Subtotal, Special purpose funds......	187,718,000	216,183,000	204,770,000
Total........	1,673,220,000	1,780,212,000	1,839,073,000

Rehabilitation Services and Handicapped Research

Account Summary — Continued

The Rehabilitation Services and Handicapped Research account funds formula grants to States for vocational rehabilitation services, and a variety of smaller research, demonstration, and service programs, including the Technology Assistance program authorized by P.L. 100-407. The purpose of the programs in this account is to develop and implement, through research, training, and direct services, comprehensive and coordinated programs of vocational rehabilitation and independent living for individuals with disabilities. Rehabilitation programs funded through the Department of Education help to maximize the employability, independence, and integration into the workplace and the community of eligible disabled persons. During 1990 and 1991, the Rehabilitation Services Administration will continue to place priority on serving the most severely handicapped. From 1974 to 1989, the proportion of severely disabled persons among those rehabilitated by State vocational rehabilitation agencies has risen from 32 percent to 65 percent.

The President's budget request for 1991 maintains the Department's priority on programs which provide opportunities for the handicapped. An increase of $58,861,000 over the 1990 level is requested for this account. This includes an increase of 4.5 percent over the 1990 level for the Vocational Rehabilitation State Grant program and Grants for Indians, as well as a 4.2 percent increase for Client Assistance, Supported Employment, and Comprehensive Services for Independent Living. These additional funds will be available to States to expand services or to meet rising costs associated with the provision of services to disabled persons. The request also includes a $5,186,000 increase over the 1990 level for the Technology Assistance program. The additional funds would enable the Department to provide continued support for the State grants made in 1989 and 1990, to make new grant awards, to continue the model projects first funded in 1990, and to complete the national evaluation of the State grant program.

The Department continues to believe that recreational services should not be funded by the Federal Government but should be supported by private charities and local governments.

In 1990, approximately $311,000 appropriated for the Rehabilitation Services Administration and National Institute on Disability and Rehabilitation Research was used to help fund the cost of using field readers to review discretionary grant applications. In 1991, $405,000 is estimated to be used for this purpose.

Rehabilitation Services and Handicapped Research

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1. State grant programs: a. Vocational rehabilitation State grants (Rehabilitation Act of 1973, Title I, Sections 100 and 130)

1991 Authorization: $1,597,280,000 1/

Budget Authority:

	1990 Appropriation	1991 Request	Increase or Decrease
State grants.....	$1,524,677,000	$1,593,287,000	+$68,610,000
Indian set-aside.	3,821,000	3,933,000	+172,000
Total.....	1,528,498,000	1,597,280,000	+68,782,000

1/ The authorizing legislation mandates funding at least at the level of $1,597,280,000, which is the 1990 appropriation, adjusted by the twelve month change in the Consumer Price Index for all Urban Consumers (CPIU) published this past October. The legislation authorizes additional sums to be appropriated but limits the appropriation to an amount not to exceed $1,875,512,100. The Rehabilitation Act Amendments of 1986 require that 0.25 of 1 percent up to 1 percent of the appropriation for Vocational rehabilitation State grants be set aside for Grants for Indians.

Purpose and Method of Operation

This program supports vocational rehabilitation (VR) services through assistance to the States. The State program provides a wide range of services designed to help physically and mentally disabled persons prepare for and engage in gainful employment to the extent of their capabilities. Persons with disabilities that constitute a substantial handicap to employment and who can benefit from rehabilitation services are eligible for assistance. Services are tailored to the specific needs of the disabled individual and an individualized written rehabilitation program is developed jointly by a rehabilitation counselor and the disabled individual. The program may include a variety of services, such as vocational evaluation, counseling, mental and physical restoration, education, vocational training, work adjustment, job placement, and postemployment services. Priority is given to serving severely disabled persons.

This is a current-funded formula grant program that provides financial assistance to cover the cost of direct services and program administration. Funding is mandatory in that the authorizing legislation requires increases in funding equal to the percentage change in the Consumer Price Index for Urban Consumers (CPIU) over the past year. Funds become available for

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Purpose and Method of Operation -- Continued

obligation on October 1 of the fiscal year for which they are appropriated and remain available for 12 months. Grant funds are administered by vocational rehabilitation agencies designated by each State. An allotment formula that takes into account population and per capita income is used to distribute funds among the States. States are required to provide 20 percent matching. The State share for payments made in future years over and beyond the 1988 allotments increases by 1 percent each year up to 25 percent in fiscal year 1993. For fiscal year 1991, the State share will be 20 percent of the 1988 base and 23 percent for any increase above that base.

Under the Rehabilitation Amendments of 1986, 0.25 of 1 percent to 1 percent of the funds appropriated for the State Grant Program are set aside for grants to Indians, beginning in 1987. This program previously had been funded under the special demonstration program authority. Service grants are awarded to Indian tribes on a competitive basis to help tribes develop the capacity to provide vocational rehabilitation services to handicapped American Indians living on reservations.

Accomplishments

The number of persons vocationally rehabilitated in fiscal year 1988 was 218,183, a decline of 0.7 percent from the previous fiscal year. This was the only major caseload indicator to have fallen below the previous year's level. There has been a general decline in the number of persons rehabilitated for approixmately the past 13 years. However, the Rehabilitation Services Administration (RSA) projects a 1 percent increase in persons rehabilitated in 1989 as compared to 1988. In 1988, the number of persons served increased for the first time in 13 years (0.2 percent more than in fiscal year 1987). Increases were also noted in the number of new cases entering State Agency caseloads, applicants, and acceptances. Severely disabled persons accounted for 65.5 percent of all persons served by State agencies in fiscal year 1988, the highest proportion yet attained.

The percentage of cases closed in fiscal year 1988 which were rehabilitated, 62.5 percent, decreased for the second year since 1986 (a decline of 0.4 percent from fiscal year 1987). However, severely disabled persons accounted for 64.6 percent of all persons rehabilitated, the highest proportion ever attained. These national numbers from the 1988 Annual Report reflect the average of individual State data. The results from a 1988 Department report, Analysis of State Agency Data Submissions to the Rehabilitation Services Administration, suggest extensive year to year fluctuations and considerable variation among individual States in the data collected on these measures over the past several years. These conclusions severely limit the use of reporting system information for policy making and caseload projections until further research is conducted.

Accomplishments -- Continued

The Department is currently in the process of analyzing data collected from State VR Agencies for fiscal year 1986, the most recently completed data base. These data indicate that 81 percent of clients rehabilitated were placed into the competitive labor market compared to 16 percent so situated at the time of referral to VR. This represents the first time in approximately 30 years that this figure has risen above 80 percent. The largest disability groupings among clients rehabilitated were orthopedic impairments (21 percent), mental illness (17 percent), and mental retardation (13 percent). Both the orthopedic impairments and mental illness groups, however, have been declining proportionally in recent years. Offsetting increases have been observed for substance abusers (9 percent), the hearing impaired (8 percent), and the learning disabled (4 percent). The percentage of clients rehabilitated having a secondary disabling condition which contributed to a work limitation continued to increase (35 percent in fiscal year 1986). The largest occupational groupings into which rehabilitated clients were placed were industry (28 percent, primarily jobs in manufacturing) and the service sector (22 percent). The percentage of placements in industry declined, while the percentage of placements in the service sector increased, from previous years.

A Department-funded study completed in 1989, A Benefit-Cost Analysis of the FY 1985 Federal-State Vocational Rehabilitation Program, Including a Model for Ongoing Program Use, found $5.55 ($6.73 for clients with non-severe disabilities and $4.55 for clients with severe disabilities) in lifetime benefits for each dollar in cost for the overall program. These findings demonstrate that the Vocational Rehabilitation program has been successful when examined from the perspective of social benefits and costs.

The estimates from the model used in this study are much lower than those produced by RSA for previous years using a different analytical model. RSA's most recent analysis found $9.30 in benefits for each dollar of cost. In this study, the researchers modified the program data inputs to reflect annual earning changes realized by rehabilitants, as revealed by the RSA/Social Security Data Link. The study estimated an earnings increase of 9.8 percent one year following closure of the case. In comparison, for the years 1975 to 1983 in constant dollars, non-disabled workers averaged an annual earnings loss of 3.9 percent during this period. The study also found that 7.8 percent of rehabilitants lost their jobs in the first year after closure of the case.

Fourteen grants were awarded during 1989 from the funds set-aside for grants to Indians, including eight new projects and six continuation projects. The eight new projects were awarded to programs operating in the States of Montana, New Mexico, Washington, Idaho, Colorado, and Arizona. The Navajo Tribe project, based in Arizona, accounted for approximately 30 percent of the funds used for new grants. The Navajo project, which received a new

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Accomplishments -- Continued

three-year award in 1989, has been operational for 16 years providing services to the Navajo Nation, the largest tribe. In 1990, funds will be used to award 4 new projects and 10 continuations from 1988 and 1989 grants.

1991 Budget Proposal

The 1991 budget request for Vocational Rehabilitation State Grants is $1,593,287,000, an increase of $68,610,000 or 4.5 percent over the 1990 level. The requested increase satisfies the statutory requirement to increase funding for the program by at least the percentage change in the CPIU for the twelve-month period completed in October 1989.

Under the set-aside provision, the Indian Program would be funded at $3,993,000, $172,000 more than the 1990 level. This level will allow for the funding of about 15 projects (12 continuations and 3 new projects).

Impact Data

The Department anticipates at least the same number of persons will be provided vocational rehabilitation services in 1991 as predicted for 1990. Our projections are based on actual data from 1988 and six months of data from 1989. We do not anticipate any major changes in the number of applicants, acceptances, and successful closures during 1991 resulting from changes in program operations or client demographics.

	1988	1989 1/	1990 2/
Vocational rehabilitation State grants:			
Total active cases.....	918,876	927,000	931,000
Cases closed and rehabilitated......	218,183	220,000	221,000
Severe...........	140,959	146,000	146,500
Non-severe.......	77,224	74,000	74,500
Cases closed but not rehabilitated..	131,004	129,000	130,000
Cases on hand at end of year........	569,689	578,000	580,000
Grants for Indians.....	14	14	14
Persons Served.........	3,350	3,350	3,350

1/ Estimates for 1989 based on six months of data.

2/ Predictions for 1990 are based on 1988 actual data and 1989 estimated data.

1. State grants: b. Supported employment
(Rehabilitation Act of 1973, Title VI, Part C)

1991 Authorization: $30,949,000

Budget Authority:

1990 Appropriation	1991 Request	Increase or Decrease
$27,630,000	$28,790,000	+$1,160,000

Purpose and Method of Operation

The Rehabilitation Act Amendments of 1986 established a new authority to assist States to develop collaborative programs with appropriate public and private nonprofit organizations for training and traditionally time-limited post-employment activities leading to supported employment of severely disabled persons. The purpose of the Supported Employment program is to help severely disabled persons who may have been thought to be too disabled to benefit from vocational rehabilitation (VR) services achieve vocational outcomes. Supported employment placements are achieved by augmenting short term VR services with extended services provided by State, private non-profit, or other resources. To be eligible for this program, States submitted a supplement to their Title I Vocational Rehabilitation State Grant program plan. The supplement covered a three-year period and provided for services leading to supported employment. The State plan must include evidence of collaboration with other agencies, results of a needs assessment within the State, and assurance that an individual written rehabilitation plan will be developed for each individual served.

This is a current-funded formula grant program for which funds are available from October 1 to September 30 in the year for which they are appropriated. The level of funding is dependent upon the availability of appropriations. Funds are distributed on the basis of population, except that no State will receive less than $250,000, or 0.33 of 1 percent of the sums made available, whichever is greater.

Accomplishments

In 1987, States were allowed 18 month planning grants for activities that facilitated the State's development of services leading to supported employment. Only 2 States and 5 Territories chose to receive planning grants; the remaining 48 States and Territories used their formula funds to provide services. All States were awarded direct service grants under this program in fiscal years 1988 and 1989.

The Department submitted the Annual Report to Congress on the Supported Employment Program in November 1989. The report provides an analysis of the impact of the Title VI, Part C, State grant program as well as the demonstration

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Accomplishments (continued)

systems change grants funded under Section 311(a) and (d). It includes a description of technical assistance activities and a summary of problems, progress, and results. Specific information was gathered by the Rehabilitation Services Administration (RSA) through its regional offices in order to review efforts in the planning, organization, and implementation of supported employment programs under the authority of Title VI, Part C.

RSA selected eleven state vocational rehabilitation agencies (one State from regions I - IX and two States from region X). The States selected were: New Hampshire, New York, Virginia, Florida, Wisconsin, Texas, Missouri, Colorado, Hawaii, Alaska, and Washington. These States were selected because extensive information had been accumulated by RSA over the past few years on their supported employment activities.

In the eleven States selected, there were an estimated 386 supported employment programs funded with Title VI, Part C funds. Approximately 4,264 individuals received supported employment services from these eleven State vocational rehabilitation agencies in 1988. The average per client cost of providing supported employment ranged from $1,914 in Missouri to $6,000 in New York. Individuals with mental retardation represented the largest disability group served in supported employment programs followed by individuals with chronic mental illnesses. Generally, supported employment referrals came from vocational rehabilitation agencies, day activity and sheltered employment programs, local mental health centers, and significant others.

Reports from the eleven State agencies outlined start-up issues relevant to supported employment. Specifically, the fiscal issues involve the setting of realistic rates for the purchase of supported employment services by State agencies; the conversion of funding by other State agencies away from segregated rehabilitation to supported employment; the costs of serving individuals with the most severe disabilities. Issues relating to recruiting, training, and maintaining job-coach staff due to low salaries were also reported.

Many programmatic issues were also identified. Examples include the difficulty in balancing the mandate to work with people with severe disabilities and the regulatory requirement that clients work an average of 20 hours per week; confusion about the differences between transitional employment and other models of supported employment; the lack of incentives for long-term support systems to move in the direction of supported employment; and the need to develop quality assurance standards and data collection mechanisms to assess its national impact.

The Department plans to publish a notice of intent to regulate in January 1990 to clarify certain program requirements and make other changes that are needed

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Accomplishments (continued)

to increase program effectiveness and flexibility in supported employment. The first data collection instrument for supported employment was developed and approved during 1988. Data was collected for the first time during 1989 on the number of persons receiving supported employment services, and the placement outcomes associated with those services. Partial information on cases closed in fiscal year 1989 should be available by summer 1990. In addition, the Rehabilitation Services Administration plans to release an annual caseload report on supported employment, with the first report on partial caseload data scheduled to be released early in 1992.

1991 Budget Proposal

The 1991 proposed budget request for the Supported Employment State Grant program is $28,790,000, $1,160,000 more than the 1990 appropriated level. This amount includes an increase of 4.2 percent to help meet increased costs. The Department continues to place a priority on services for the severely disabled and believes that supported employment offers a promising approach.

Impact Data 1/

State Grants:	1989	1990	1991
Number of States	52	52	52
Minimum State award....	$250,000	$250,000	$250,000
Maximum State award....	$2,726,250	$2,812,604	$2,955,546
Average State award....	$520,000	$528,025	$550,193

1/ Data includes the 50 States, D.C. and Puerto Rico. Data does not include the Outlying Areas. Five Territories received Supported Employment State grants in 1989, 1990, and 1991.

2. State grant programs: c. Client assistance
(Rehabilitation Act of 1973, Title I, Section 112)

1991 Authorization: $8,796,000

Budget Authority:

1990 Appropriation	1991 Request	Increase or Decrease
$7,901,000	$8,233,000	+$332,000

Purpose and Method of Operation

This program supports, through grants to the States, ombudsmen activities to assist clients and client applicants of the Vocational Rehabilitation (VR) State Grant program and other programs, projects, and facilities funded under the Rehabilitation Act of 1973. Services are provided to help clients or client applicants understand the rehabilitation services available under the Act, to advise them of benefits available under the Act, and of their rights and responsibilities in connection with those benefits. Assistance may also be provided to help clients or client applicants in their relationships with those providing services under the Act, including assistance in pursuing legal and administrative remedies to ensure the protection of their rights.

This is a current-funded formula grant program for which funds are available from October 1 to September 30 in the fiscal year for which they are appropriated. The level of funding is dependent upon the availability of appropriations. Funds are distributed among the States according to population except that each State is guaranteed a minimum grant of $50,000. The Rehabilitation Act Amendments of 1986 allow the Rehabilitation Services Administration (RSA) Commissioner to increase the minimum allotment to States in any year in which the sums appropriated exceed the sums appropriated in the prior year by more than the percentage increase in the Consumer Price Index (CPI). The Amendments require the Commissioner to increase the minimum allotments for States and Territories to $75,000 and $45,000 respectively in any year in which the appropriation exceeds $7,500,000. Grants are administered by agencies designated by the Governors. Generally, these agencies must be independent of any agency that provides rehabilitation services under the Act. Also, under the 1986 Amendments, a Governor cannot change the designated Client Assistance Program (CAP) agency without good cause. States must operate CAPs in order to receive Vocational Rehabilitation State Grant funds.

Accomplishments

In 1989, each of the 58 States and eligible Territories had a CAP in operation; 37 States and Territories operate their programs in agencies independent of any

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Accomplishments (continued)

agency that provides rehabilitation services under the Act. The remaining 21 programs are administered by VR agencies. Grants are now paid directly to the designated agency except where prohibited by State law. Starting in fiscal year 1988, the State assurances for CAP and the State Plan for Vocational Rehabilitation Services under Title I were on the same three-year cycle. RSA is in the process of establishing a uniform monitoring system for monitoring grantees and will be testing the instruments in fiscal year 1990.

Fiscal year 1988 was the first year that all CAP agencies reported specific problems experienced by clients and client applicants. Half of the individuals reported problems related to the quantity, quality and/or expediency of services received. Twenty-five percent of the concerns expressed were related to the client application process, eligibility determinations, and other issues pertaining to the individual written rehabilitation plan (IWRP). The third most common problem area involved conflicts between the client/applicant and a program staff member.

Consultation or advisory services to client applicants accounted for 62 percent of the services provided by CAP agencies in fiscal year 1988. Information or referral services were provided to 60 percent and mediation services were received by 42 percent of CAP clients. Mediation or non-legal intervention are encouraged to be provided in lieu of legal services. As a result, legal services were reported to have been provided to approximately 2 percent of the individuals served during fiscal year 1988.

The 1986 Amendments to the Rehabilitation Act, allowing CAP agencies to provide information on rehabilitation programs to any individual with disabilities in the State, have significantly increased the number of informational inquiries handled by CAPs. The number of informational inquiries handled during fiscal year 1988 increased by 35.6 percent over the previous year and more than twice the number of requests handled in the initial reporting period, fiscal year 1985. A smaller percentage increase (9.8 percent) is estimated for fiscal year 1989. Although CAP agencies are responding to more routine requests for information, the number of cases handled by these agencies in fiscal year 1988 decreased by 6.6 percent from the previous year. One explanation for the decline in the actual number of cases handled is that CAPs are beginning to use their experience to identify issues that can be resolved through systematic change rather than on a case-by-case basis. A slight increase (0.9 percent) has been estimated in cases handled for 1989. Currently, only formula grant programs are required under law or regulations to notify clients and client applicants of CAPs. Ninety-six percent of the individuals served in fiscal year 1988 were clients or client applicants of the vocational rehabilitation program.

2. State grant programs: c. Client assistance

1991 Budget Proposal

The 1991 request for Client Assistance is $8,233,000, $332,000 more than the 1990 appropriation. An increase of 4.2 percent is proposed for this program to help meet increased costs.

The number of clients served is increasing, but at a decreasing rate. We project a 8 percent increase in the number of clients served for 1989 based on 1988 data and estimated 1989 data. We also anticipate an 8 percent increase in number of persons served in 1990 and in 1991. CAPs will be increasing their outreach efforts in order to reach individuals who may need assistance in receiving services under rehabilitation discretionary programs.

Impact Data

	1988	1989	1990 1/	1991 1/
Information Inquiries..	42,223	46,400	51,000	56,000
Cases Handled..........	12,683	12,800	13,000	13,200
Total Served........	54,906	59,200	64,000	69,200

1/ Estimates for 1989 are based on six months of data. 1990 and 1991 predictions are based on 1988 actual and 1989 estimated data.

2. Special purpose funds: a. Service and demonstration projects:
   (1) Special demonstration programs
   (Rehabilitation Act of 1973, Title III, Section 311)

1991 Authorization: $19,675,000 1/

Budget Authority:

1990 Appropriation	1991 Request	Increase or Decrease
$32,269,000	$17,455,000	-$14,814,000

1/ Of the amount appropriated for Special Demonstration programs, 5 percent must be set aside for Migratory Workers.

Purpose and Method of Operation

Special Demonstration Programs for the Severely Disabled develop innovative methods and comprehensive service programs to help severely disabled persons achieve satisfactory vocational adjustments.

The program awards discretionary grants on a competitive basis to public and private organizations to pay all or part of the costs of demonstrations, direct services, and related activities. The program also provides $5,000,000 to support 13 regional multi-disciplinary systems to serve persons with spinal cord injuries and to demonstrate the benefits of such an integrated approach to the care and rehabilitation of persons with spinal cord injuries. The spinal cord injury centers are administered by the National Institute on Disability and Rehabilitation Research (NIDRR).

Special Demonstration programs support demonstration projects for severely disabled persons with a wide array of disabilities. This is a current-funded program in which funds become available for obligation on October 1 of the fiscal year for which they are appropriated and remain available for 12 months. The level of funding is dependent upon the availability of appropriations.

Accomplishments

During 1990, $5,000,000 will be used to fund 13 spinal cord injury centers, $3,717,000 will be used to continue 31 grants established in previous years, and $8,738,000 will be used to fund 1990 priorities. These priorities will reflect emerging needs, including projects that complement the newly authorized Technology Assistance program, an invitational priority to respond

Rehabilitation Services and Handicapped Research

2. Special purpose funds: a. Service and demonstration projects
(1) Special demonstration programs

Accomplishments -- continued

to the need for service delivery to individuals with AIDS who are considered disabled, and innovative strategies to promote vocational and independent living outcomes.

Congress appropriated $14,814,000 in 1990 to finance the one-time start-up costs of a system of regional comprehensive head injury rehabilitation and prevention centers. The model centers will demonstrate improved systems of prevention, acute care, and rehabilitation directed at reducing the human and economic consequences of traumatic head/brain injury, with special emphasis on vocational rehabilitation, retraining, and placement. Grants will to be made on a multi-year basis not to exceed four years. The 1990 House appropriations committee report stated that no additional appropriation would be required beyond fiscal year 1990.

1991 Budget Proposal

The 1991 budget request for Special Demonstration programs is $17,455,000, $14,814,000 less than the 1990 appropriation. The decrease in the 1991 request reflects the 1990 funds appropriated for the regional comprehensive head injury centers which were intended to cover one-time, start-up costs.

Of this amount, $5,000,000 will continue to be used for the spinal cord injury center projects to be recompeted in 1990. Additionally, $3,200,000 will be used to continue grants for priorities established in previous years including $8,200,000 for priorities established for 1990, and $1,055,000 will be used to fund new projects for priorities established for 1991. Funding for these new priorities will be provided from funds made available from the expiration of eight grants initiated in 1988.

Impact Data

	1989	1990	1991
Continuations.........	53	31	83
New Projects..........	23	60	8
Subtotal...........	76	91	91
Spinal Cord Projects..	13	13	13
Head Injury Projects..	--	4	--
Total..............	89	108	104

Rehabilitation Services and Handicapped Research

2. Special purpose funds: a. Service and demonstration projects:
   (2) Supported employment projects
   (Rehabilitation Act of 1973, Title III, Part B, Section 311)

1991 Authorization: $11,128,000

Budget Authority:

1990 Appropriation	1991 Request	Increase or Decrease
$9,876,000	$9,876,000	---

Purpose and Method of Operation

The Rehabilitation Act Amendments of 1986 added an authority to provide support for discretionary Supported Employment projects at the national, State, and local level. Supported employment is paid work in a variety of settings, at regular work sites, especially designed for severely disabled persons for whom competitive employment would have been unlikely. These individuals, because of their disabilities, need intensive ongoing support in order to perform in a work setting. These discretionary awards are made on a competitive basis to public and nonprofit rehabilitation facilities, designated State units, and public or private organizations. This is a current-funded program in which funds become available on October 1 of the fiscal year for which they are appropriated and remain available for 12 months. The level of funding is dependent upon the availability of appropriations.

Supported Employment Demonstration Grants provide funding for statewide demonstration, community based, and technical assistance projects. The purpose of statewide systems change demonstration projects is to stimulate the development and provision of supported employment services on a statewide basis. These projects cannot use their Federal funding for the direct provision of client services. The purposes of community based projects are to stimulate the development of innovative approaches for improving and expanding the provision of supported employment services as well as to enhance local capacity to provide these services. These projects can use their Federal funding for the direct provision of client services. The purpose of technical assistance projects is to help States to implement the State Supported Employment Services Program authorized by Title VI. In addition, grants are awarded to at least two projects of national scope.

Rehabilitation Services and Handicapped Research

2. Special purpose funds: a. Service and demonstration projects: (2) Supported employment projects

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Accomplishments

In 1989, the Department funded 31 projects under this program. This included 17 statewide systems change projects, 12 community based projects, and 2 national research projects. An additional 10 statewide projects were funded under the Special Demonstration authority, for a total of 27 statewide systems change grants. In 1990, the Department will fund 31 projects under this program. This includes 17 statewide projects, 12 community based projects, and 2 national scope technical assistance projects.

The Rehabilitation Services Administration provided an analysis of the statewide systems change grants in their annual report to Congress on the Supported Employment program transmitted in November 1989. The analysis was based on the findings from the Virginia Commonwealth University research study entitled Emerging Trends in the National Supported Employment Initiative: A Preliminary Analysis of 27 States, funded by NIDRR. There were, however, some problems with data collection which limit the extent to which the results can be generalized. The following information relates to the findings from the 27 States studied. The number of individuals in supported employment in the 27 States studied rose dramatically from less than 10,000 in fiscal year 1986 to almost 25,000 in fiscal year 1988. Approximately 1,400 new supported employment programs have been established since fiscal year 1986. Two-thirds of the program providers were classified as rehabilitation facilities.

The majority of individuals (71.6 percent) participating in supported employment programs in the 27 States were persons diagnosed as mentally retarded. Individuals with long-term mental illnesses constitute 14.6 percent of the persons reported. Persons with cerebral palsy, hearing impairment, traumatic brain injury, visual impairment, and autism combined accounted for only 5.2 percent of persons served, while other diagnoses accounted for an additional 8.6 percent. The largest concentration of individuals in supported employment were those with mild (54.5 percent) and moderate (31.3 percent) mental retardation. Individuals categorized with severe or profound retardation accounted for 11.0 percent and individuals with boderline retardation accounted for 3.2 percent of those served. Under the Title I Basic State Grant program, individuals with moderate or severe retardation are automatically classified as severely handicapped.

In 1988, individuals participated in various supported employment placement models. The most popular of these models was the "individual placement" model. A total of 64 percent of all persons reported were placed in this model and 20 percent were placed in the enclave model. Persons placed in the work crew, small business, and other models comprised 16 percent of those reported. More than a third of the persons in supported employment were placed in the cleaning and custodial areas, and 22 percent were placed in food services.

Rehabilitation Services and Handicapped Research

2. Special purpose funds: a. Service and demonstration projects: (2) Supported employment projects

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Accomplishments -- continued

The Study also reported the number of hours worked, although only 16 States responded to this question. Forty-one percent of the individuals worked between 20 - 30 hours per week, 28 percent worked 30 - 40 hours per week, and 4 percent worked more than 40 hours per week. However, 27 percent of the participants worked fewer than 20 hours per week.

During the three years studied, there was an increase in number of supported employment clients who entered the Vocational Rehabilitation program from 844 in fiscal year 1986, with 15 States reporting, to over 7,000 new clients in fiscal year 1988, with 23 States reporting. State vocational rehabilitation agencies provide for time-limited (18 months) initial placement and training costs authorized under Title VI, Part C of the Rehabilitation Act, as amended. Many of these individuals previously would have been considered ineligible for services. The NIDRR-funded study found the greatest obstacle to full implementation of supported employment is long-term State and local funding for extended support services. It is clear that the cumulative costs of providing extended support will increase as more consumers enter the program. Extended support is generally not available for individuals with disabilities other than mental retardation or long-term mental illness. Agencies are reluctant to make long-term funding commitments to extended support services primarily because of their uncertainty regarding the long-range costs.

Other concerns include the need for quality technical assistance and staff development, enhanced coordination, available transportation, and ensuring that the program serves persons with severe disabilities as it was intended.

1991 Budget Proposal

The 1991 budget request for Supported Employment projects is $9,876,000, the same as the 1990 appropriation. The requested level will permit the continuation of the 12 community based and 2 technical assistance grants. The phase out of the original statewide demonstration projects at the end of 1990 will provide funding for new demonstration projects in the remaining States.

Impact Data

Supported Employment Projects:	1989	1990	1991
Statewide Demonstrations......	17	17	17
Community Based Services......	12	12	12
National Research	2	--	--
National Technical Assistance.	--	2	2
Total......................	31	31	31

2. Special purpose funds: a. Service and demonstration projects:
(3) Recreational Programs
(Rehabilitation Act of 1973, Title III, Part B, Section 316)

1991 Authorization: $2,894,000

Budget Authority:

1990 Appropriation	1991 Request	Increase or Decrease
$2,588,000	---	-$2,588,000

Purpose and Method of Operation

Recreational programs provide disabled persons with recreation and related activities to aid in their mobility, independence, socialization, and community integration. Programs are designed to promote the development of social skills that are necessary in achieving integrated vocational and community placements. This is a current-funded program in which funds become available on October 1 of the fiscal year for which they are appropriated and remain available for 12 months. The level of funding is dependent on the availability of appropriations. This program awards discretionary grants on a competitive basis to States, public agencies, and nonprofit private organizations, including institutions of higher education. The Rehabilitation Act Amendments of 1986 require that awards be made for funding periods of at least three years.

Accomplishments

Fiscal year 1990 is the tenth year in which Congress has appropriated funds for this program. Activities carried out under this program include a broad range of recreational and social activities. Examples of the types of projects supported in 1989 include follow-up recreation services for persons leaving rehabilitation centers, increasing recreational opportunities for inner-city disabled youth and adults, and development of recreation and transportation services for disabled rural citizens. These projects are conducted at the local and community level primarily by local governments, nonprofit organizations, and colleges and universities. The 31 projects funded in 1989 operate in 23 States and the District of Columbia and serve approximately 17,000 disabled persons.

Rehabilitation Services and Handicapped Research

2. Special purpose funds: a. Service and demonstration projects:
   (3) Recreational Programs

1991 Budget Proposal

No funds are requested for this program in 1991. The Department considers recreation programs a low priority for Federal support with continued funding more appropriately financed by private charities, local organizations, and corporations.

Impact Data

	1989	1990	1991
Total Projects...	31	31	---

2. Special purpose funds: a. Service and demonstration projects:
(4) Migratory Workers
(Rehabilitation Act of 1973, Title III, Part B, Section 312)

1991 Authorization: 1/

Budget Authority:

1990 Appropriation	1991 Request	Increase or Decrease
$1,086,000	$1,086,000	---

1/ Of the amount appropriated for Special Demonstration programs, 5 percent must be set aside for Migratory Workers. There is further authorized such additional amount as may be necessary to equal, when added to the amount made available by the 5 percent from Special Demonstration programs, an amount of $5,000,000.

Purpose and Method of Operation

The Migratory Workers program makes comprehensive vocational rehabilitation services available to disabled migrant or seasonal farmworkers. Projects also develop innovative methods for reaching and serving this population. Some State vocational rehabilitation agencies have incorporated these projects into their ongoing operations. Emphasis is given in these projects to outreach, specialized bilingual rehabilitation counseling, and coordination of vocational rehabilitation services with services from other sources.

Discretionary grants are awarded to State vocational rehabilitation agencies to provide rehabilitation services to migratory workers and to members of their families when such services will contribute to the rehabilitation of the disabled worker. Grants are limited to 90 percent of the costs of the projects providing these services. This is a current-funded program in which funds become available for obligation on October 1 of the fiscal year for which they are appropriated and remain available for 12 months. The level of funding is dependent upon the availability of appropriations.

Accomplishments

There is an estimated population of 280,000 handicapped migrant and seasonal farm workers in the Nation's labor force. There is a high degree of disability within the migrant worker population which affects employability. As a group, migrant workers frequently work in situations associated with a

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Accomplishments -- continued

high risk of ill health and disability. The characteristics of this group, such as their mobility, cultural differences, and limited English proficiency, require special attention with respect to vocational rehabilitation. Traditional State vocational rehabilitation techniques often fail to adequately serve this population. It has been demonstrated that agency contacts must originate in surroundings familiar to the client, and that the client must be approached with cultural sensitivity by a worker fluent in the client's language.

An evaluation of this program was completed in September 1987. The final report focused on the ability of State agencies to adapt traditional vocational rehabilitation approaches to the special needs of handicapped migrants and seasonal farmworkers. Although the report was generally positive about the effectiveness of the Migratory Worker grants, it did point out the need to further examine the level and type of support for vocational rehabilitation services to migratory and seasonal farm workers provided by State VR agencies. RSA regional specialists are incorporating many of the standards recommended by the report, especially those related to quality of service, in monitoring of the Migratory workers program. RSA regional staff and State VR personnel responsible for these projects are discussing the implementation of feasible report recommendations. In 1990, RSA will collaborate with NIDRR on a research project to address the special problems faced by handicapped migratory workers identified in the 1987 study.

The Department will fund 11 projects for 1990, including 5 continuations and 6 new projects. It is estimated that 3,000 handicapped migratory, agricultural and seasonal farmworkers will be served by all 11 programs. Program goals include both the acquisition of new work skills which might qualify migrant workers with handicaps to obtain employment in other areas and leave the migrant stream, and the provision of services necessary to assist clients with handicaps in continuing as migratory or seasonal farmworkers.

1991 Budget Proposal

The 1991 budget request for Migratory Workers is $1,086,000, the same as the 1990 appropriation. At this level, a total of 11 projects will be funded, including 9 continuations and 2 new projects.

Impact Data

	1989	1990	1991
Continuations.....	8	5	9
New Projects......	3	6	2
Total......	11	11	11

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2. Special purpose funds: a. Service and demonstration projects
(5) Projects with Industry
(Rehabilitation Act of 1973, Title VI, Part B, Section 621)

1991 Authorization: $19,925,000

Budget Authority:

1990 Appropriation 1/	1991 Request	Increase or Decrease
$18,765,000	$18,765,000	---

Purpose and Method of Operation

Projects with Industry (PWI) program is the primary Federal vehicle for promoting greater participation of business and industry in the rehabilitation process. This program provides disabled persons with training and experience in realistic work settings to prepare them for employment in the competitive labor market. Post-employment services are also provided to clients. Business Advisory Councils provide the mechanism for members of the private sector to participate in policymaking and give advice on available jobs and training requirements.

Projects with Industry grants are made to a variety of agencies and organizations, including business and industrial corporations, rehabilitation facilities, labor organizations, trade associations, and foundations. Grants are limited to 80 percent of the costs of projects. This is a current-funded program in which funds become available for obligation on October 1 of the fiscal year for which they are appropriated and remain available for 12 months. The level of funding is dependent upon the availability of appropriations.

The 1986 Amendments to the Rehabilitation Act require that: the Commissioner publish indicators of minimum compliance with the evaluation standards approved by the National Council on the Handicapped; that PWI project grantees, beginning with fiscal year 1989, report to the Commissioner at the end of each project year the extent to which the grantee is in compliance with the standards; and, in order to receive continuation funding, grantees must be in compliance with the provisions of their approved grant application and the evaluation standards.

Accomplishments

As mandated, proposed indicators were developed based on the PWI evaluation standards, the results of the national PWI program evaluation, and input from

Accomplishments — continued

a panel of experts from the PWI community. Following the development of the proposed compliance indicators, a Notice of Information Collection Request was published in the Federal Register in July 1988. The purpose of the notice was to collect data from the PWI grantees that would enable RSA to develop proposed minimum performance levels for each compliance indicator. Data, varying in completeness, were received from all 108 grantees awarded funding in 1987.

Proposed performance levels were developed for each compliance indicator based upon an analysis of the grantee data, consideration of the data collected in the program evaluation in 1985, and program priorities. The Department published a Notice of Proposed Rule Making (NPRM) containing the proposed performance levels for the indicators in February 1989. The major issue raised in the comments to the NPRM was the objection to an "all or nothing" scoring approach to measuring performance and awarding points. Resolution of this issue resulted in changes to a number of sections in the regulations. The final regulations were published in the Federal Register in August 1989. Indicators will measure performance in the following areas: persons with severe disabilities served, unemployed served, cost per placement, projected cost per placement, placement rate, projected placement rate, change in earnings, percent placed who have severe disabilities, and percent unemployed placed.

Beginning with fiscal year 1990, the Department will be assessing three factors in making new competitive awards: success in meeting established selection criteria, geographic priority, and past performance where relevant. Each application for continuation funding for the third or any subsequent year of a PWI grant must include data for the most recent project year in order to determine if the grantee has met the program compliance indicators. Grantees must adhere to the provisions of its approved application and receive a minimum composite score of 70 points on the program compliance indicators.

Fiscal year 1988 funds supported 108 continuations and 7 new projects affiliated with more than 3,500 private corporations. Of these projects, 114 were continued in fiscal year 1989. In fiscal year 1988, 80 of the 108 continuation projects reported a total of 13,000 placements. Data from all 114 projects for program years 1988 and part of 1989 will be collected by the Department and used to make determinations on continuation funding for 1990.

Jobs obtained under the program generally range from service type positions to those that are highly technical or managerial. Examples of successful projects include: (1) training individuals for jobs in data processing and computer technology at IBM; (2) placement of individuals in the electronics

Accomplishments -- continued

industry at the Electronic Industry Foundation; and (3) training individuals for jobs in union-related firms by the Human Resources Institute of the AFL/CIO.

Six on-site compliance reviews were conducted in fiscal year 1989. RSA is in the process of finalizing a draft standard on-site review survey instrument which is being field tested at one project site in each of the RSA regions.

1991 Budget Proposal

The 1991 budget proposal is $18,765,000 for Projects with Industry, the same as the 1990 appropriation. In 1991, we expect to receive up to 12 applications for continuation funding. These projects will have been funded as new awards in 1990 and will be continued automatically for the second year. The remaining funds would be used to fund approximately 114 new awards, resulting in a total of 126 grants.

Impact Data

	1989	1990	1991
Continuations........	114	114 1/	12
New Projects.........	---	12	114
Total..........	114	126	126

1/ The number of continuation projects funded in 1990 will be depend upon the extent to which grantees are in compliance with the performance indicators and the provisions of their approved grant application. If continuation projects do not meet these criteria, additional funds would be available for new projects.

Rehabilitation Services and Handicapped Research

2. Special purpose funds: b. Helen Keller National Center
(Helen Keller National Center Act)

1991 Authorization: Indefinite

Budget Authority:

1990 Appropriation	1991 Request	Increase or Decrease
$4,938,000	$5,198,000	+$260,000

Purpose and Method of Operation

The Helen Keller National Center (HKNC) for Deaf-Blind Youths and Adults provides services on a national basis to deaf-blind persons, their families, and service providers through three major components: a national headquarters center with a residential training and rehabilitation facility where deaf-blind persons receive intensive specialized services; a network of 10 regional field offices which provide referral and counseling assistance to additional deaf-blind persons; and an affiliated agency network system of 28 public and private agencies that serve persons with deaf-blindness.

The Center is located in Sands Point, New York, and provides multidisciplinary evaluations, comprehensive training, and individualized rehabilitation services for severely disabled deaf-blind youths and adults, trains personnel to work with deaf-blind persons, and conducts relevant research and development activities. Services provided at this center are divided into the following eighteen major service areas: audiology, behavior management, communication, community education, community work experience, creative arts, daily living skills, home management, horticulture, industrial arts, leisure time programming, low vision training, medical services, orientation and mobility, physical therapy, psychology, public relations, and case management. The objectives of the training and rehabilitation services received by clients are to provide meaningful contact with the environment, effective means of communication, constructive participation in the home and community, initial or enhanced employability, and other development pertinent to the rehabilitation of these individuals. To assist in reaching these objectives, the Center conducts community education designed to sensitize the professional and general communities to the special needs and abilities of persons who are deaf-blind. HKNC also maintains a registry of youths and adults with deaf-blindness and encourages and assists public and private agencies to develop services for persons who are deaf-blind in their local communities.

Regional representative services may include staff training, technical assistance, and specific planning of direct services for deaf-blind clients in conjunction with state vocational rehabilitation counselors, mental health workers, and special education programs. HKNC provides seed money to affiliate agencies as an incentive for these agencies to create programs for persons who are deaf-blind. These funds are offered on a gradually declining

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Purpose and Method of Operation -- Continued

basis over a five year period. After this period, these programs are eligible to receive technical assistance or training from HKNC, but receive 100 percent of their operating funds through their own agencies.

The Helen Keller National Center is a current-funded program in which funds are awarded on a noncompetitive basis. The Center was created by Congress in 1969, and operates under the auspices of Helen Keller Services for the Blind. The level of funding is dependent upon the availability of appropriations.

Accomplishments

In 1989, the Helen Keller National Center served 85 clients at the Center, helped 1,084 persons to obtain appropriate services through assistance from HKNC's regional representatives, and provided seed money to 12 agencies and technical assistance to an additional 16 agencies affiliated with HKNC. Services provided by the regional representatives included counseling, information, and referral for 425 parents. They also contacted a total of 513 public and private agencies. In 1989, the affiliate agencies served 1,844 persons who are deaf-blind.

Client outcomes are expressed in terms of present employment and community living status. During the year ending June 30, 1989, 25 persons successfully completed the program at the Center's headquarters. Of the 25 successful completions, 2 were placed in competitive employment, 5 in supported employment, 10 in sheltered workshops, 3 in vocational on-the-job training, 1 into training at other facilities, 1 is awaiting employment, and 2 became homemakers. Three of the group are living semi-independently, 12 with spouse or family, 9 in small community group homes, 1 in a group home facility, 2 in Intensive Care Facilities for the Mentally Retarded, 1 in a nursing home, and 2 in institutions.

In order to effectively streamline services to clients at the Center, a new Case Management Department was established in 1989. The Department combined the former Rehabilitation Counseling and Social Work Departments. The result has been to eliminate duplicative services and administration and to give clients, parents, and State vocational rehabilitation counselors a single point of contact and liaison during the client's involvement with HKNC. A second placement specialist was added in 1989 to assist with vocational placements and living arrangements. Also during 1989, the IBM corporation loaned a senior manager to HKNC to help evaluate and improve the Center's program for marketing the abilities of its clients. This individual helped to develop a computer training curriculum which is in the process of being implemented.

In 1989, HKNC also established a new project aimed at providing training and support services to parents and family members of persons with deaf-blindness. The project, which is funded through a private grant, was organized to bring parents together by creating a network among State and

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Accomplishments -- Continued

local parent organizations. Such organizations currently exist in 21 States. The project has created a national newsletter and training materials. A parent advisory committee has been established for the project composed of 11 parents from 11 States.

The Department gave the Center permission to initiate a new international internship program for professionals in the field of deaf-blindness in 1989. The purpose of this program is to assist other countries in developing or expanding services for persons who are deaf-blind by providing training to their staff. Participants are professionals from a wide array of countries. Thus far, the Center has accepted individuals from Israel, Norway, and Japan. Referrals and letters of interest also have been received from countries such as Spain, India, England, and Germany. Participants are financially supported by their sponsoring agencies and are expected to initiate and complete at least one project while at HKNC. HKNC plans to conduct three training sessions of thirteen weeks for up to four interns per session.

HKNC offers training and consultation in all areas related to services for deaf-blind persons through a national training team. Training is provided on-site throughout the Nation on a request basis with the requesting agency covering the travel costs for the team. Ten one-week seminars at Center headquarters are also available during the year. Participants in these seminars are nominated and sponsored by their agencies. During 1989, Helen Keller conducted 43 seminars throughout the United States attended by 2,180 persons. A highlight of this program was a special project to train staff in Oklahoma, Rhode Island, and Florida. Each of these States is under court order to close institutions housing persons with deaf-blindness. The focus of the training has been in teaching these programs how to shift clients to community-based services. In addition to these efforts, HKNC hosted 240 domestic and 72 international visitors and provided short-term training sessions to 280 persons.

An evaluation of HKNC was begun in 1986 and completed in 1988. The report contained many recommendations, including that HKNC focus on developing a system for determining a client's level of functioning both before and after the client receives services and follow up on clients for a longer period of time after they return to their communities. The report noted that 33 percent of the clients that entered the Center left before completing the program, and that higher functioning clients who had developed mobility and daily living skills prior to entering the Center were more successful in completing the Center's training program than clients who were more severely disabled. In 1989, HKNC improved the documentation of client independent living skills at the beginning and end of their program as a result of these recommendations. In 1990, HKNC plans to assess the long-term effects of participation in the Center's programs through a quality assurance review of clients trained over the last five years at the headquarter's facility. This study will examine the extent to which clients who received training at HKNC are employed and have maintained or increased their skills in areas such as communication, mobility, and daily living since leaving the Center.

1991 Budget Proposal

The Department requests $5,198,000 for the Helen Keller National Center for Deaf-Blind Youth and Adults for fiscal year 1991, an increase of $260,000, or 5.3 percent, above the 1990 appropriation. These funds are requested to maintain program operations and expand the Community Work Experience Program.

The request includes $196,000 to offset the effect of inflation and compensate for salary and benefit increases. HKNC is renegotiating a two-year agreement with the union representing 65 percent of its employees and anticipates an increase in salaries and benefits of between 4 and 5 percent for 1991. The request includes sufficient funds to cover these increased costs. At the proposed level, the Center would serve about 91 persons with deaf-blindness at its headquarters facility and assist approximately 1,300 persons through its regional representatives. In addition, approximately nine affiliate projects would receive funding.

Sixty-four thousand dollars is also requested to add two employment training specialist positions to the community work experience program. In 1987, HKNC expanded its in-house training program to begin to provide community-based employment services for persons with deaf-blindness. Through this program, rather than using on-campus simulated worksites, clients have been placed with 10 different off-campus work experience sites, including local hospitals, libraries, public schools, and private businesses. In 1988, two staff were hired for this program. As a result, in 1989, almost half of the clients participating in the community work experience program had off-campus work experiences. In 1990, HKNC plans to augment the community work experience program by initiating an optional employment training track for clients served at the headquarters facility. Clients who are capable of supported or other types of employment would participate in intensive community based employment training while at the Center and receive fewer services in other areas so that more time could be devoted to employment training. Presently, clients enrolled in the Center's Community Work Experience Program only receive 5 to 8 hours of employment training per week. The augmentation of the Community Work Experience program in 1990 will increase HKNC's ability to provide experiences on an individual basis based on the abilities of the participants. However, Helen Keller's ability to expand services in this area and establish new employment sites is still limited because of staff constraints. The additional staff requested for 1991 would work directly with HKNC clients on the job site and allow HKNC to double the number of job training sites in the community and the number of clients served.

The 1988 evaluation of HKNC recommended that the Center work to improve employment opportunities for clients. The data indicated that HKNC only placed 40 percent of the clients who completed the headquarter's training program in jobs. In the past year, HKNC made progress in placing clients in employment settings and retained more clients until they complete the program. However, more is needed. The 1991 increase in funds requested for the community work experience program would address the need to develop additional employment opportunities.

Rehabilitation Services and Handicapped Research

2. Special purpose funds: b. Helen Keller National Center

Impact Data

	1989	1990	1991
Numbers served:			
Headquarters.................	85	88	91
Regional representatives....	1,084	1,200	1,300
Affiliate Network:			
Number of HKNC funded affiliates................	9	9	9
Total number of affiliates..	28	30	32

2. Special purpose funds: c. Independent living
(Rehabilitation Act of 1973, Title VII, Parts A, B, and C)

Part A:	Comprehensive services for independent living
Part B:	Centers for independent living
Part C:	Independent living services for older blind individuals

1991 Authorization:
Part A - $14,428,000
Part B - $30,168,000
Part C - $6,558,000

Budget Authority:

	1990 Appropriation	1991 Request	Increase or Decrease
Part A	$12,938,000	$13,481,000	+$543,000
Part B	26,666,000	26,666,000	---
Part C	5,827,000	5,827,000	---
	45,431,000	45,974,000	+543,000

Purpose and Method of Operation

The Rehabilitation Act authorizes three independent living service programs. The Comprehensive Services for Independent Living program supports grants to the States to assist them in providing services designed to meet the current and future needs of persons whose disabilities are so severe that they do not presently have the potential for employment, but may benefit from vocational rehabilitation services which will enable them to live and function independently. These grants are supplementary to grants for vocational rehabilitation services under Title I, though they may include vocational rehabilitation services in addition to services which enhance an individual's ability to live independently. The designated State unit identifies the services it plans to provide to persons with severe disabilities in its State plan. These services include job placement services, transportation, attendant care, physical and mental rehabilitation and therapeutic treatment, prostheses and other devices, housing, health maintenance, recreation therapy, services for preschool age children, and appropriate preventive services to decrease the need of individuals assisted under this program for similar services in the future. In addition to the services listed above, training and support services for family members necessary to the rehabilitation or adjustment of individuals with severe disabilities are also provided. Decisions regarding the specific services to be provided to persons served by the program are based on an individualized written rehabilitation plan. States are required to use a minimum of 20 percent of funds received to make grants to local public agencies and private nonprofit organizations to provide independent living services. Priority for service is given to persons not served by other programs under the Rehabilitation Act. The Rehabilitation Act also requires each State to have an independent living council. These councils must develop five-year plans addressing the long-term goals and needs for independent living services and programs within their State.

Purpose and Method of Operation -- Continued

This is a current-funded formula grant program. Funds are available for obligation in the fiscal year for which they are appropriated. The level of funding is dependent upon the availability of appropriations. Funds are allotted to the States according to population, except that a $200,000 minimum allotment is provided to each State. If funds are insufficient to meet this requirement, the minimum allotment is reduced on a pro rata basis. Each State is required to provide 10 percent of the total expenditures incurred by the State for the program. Funds are administered by the designated State vocational rehabilitation agencies according to the approved State plans.

The Centers for Independent Living program supports a network of nonresidential, community-based centers which provide a wide range of services designed to help persons with severe disabilities live more independently in family and community settings. Services may also be provided to help persons with severe disabilities secure and maintain appropriate employment. Although most persons who receive services have disabilities so severe that they do not presently have the potential for employment, there are persons who, with the assistance of independent living services, may become employable or who can benefit from rehabilitation services that will enable them to live more independently. Centers are established and operated in local communities, and most centers serve persons with a variety of severe disabilities. People with disabilities participate in directing and managing the centers and are employed in center programs. Center services include counseling, assistance regarding legal and economic rights and benefits, training in personal care and independent living skills, attendant care and training of persons to provide such care, referral and assistance with housing and transportation, peer counseling, and other services to support independent living. In addition to these services, training services for the family and community are provided.

This is a current-funded program in which new discretionary grants are awarded on a competitive basis to designated State vocational rehabilitation agencies, or, in cases where the designated State units do not apply within a period of three months, other public agencies or private nonprofit organizations in those States. Since 1982, Congress has required that once a center is funded, that it continue to be funded noncompetitively. The Rehabilitation Act specifies that competitive funding of all awards under this program is to resume in fiscal year 1991. Funds become available for obligation on October 1 of the fiscal year for which they are appropriated and remain available for 12 months. The level of funding is dependent upon the availability of appropriations.

The program of Independent Living Services for Older Blind Individuals supports services to assist individuals aged fifty-five or older whose severe visual impairment makes gainful employment extremely difficult to obtain, but for whom independent living goals are feasible. Services are designed to help these individuals adjust to their blindness by increasing their ability

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Purpose and Method of Operations — Continued

to care for their individual needs. Services may include help in correcting blindness, the provision of eyeglasses and other visual aids, instruction in the use of equipment to assist the person in becoming more mobile, mobility training, Braille instruction, provision of or assistance in obtaining guides, readers, and transportation, and other appropriate services.

This is a current-funded program in which discretionary grants are awarded through competition to designated State vocational rehabilitation agencies. Grantees are State agencies for the blind and visually impaired or State general vocational rehabilitation agencies if there is no separate agency for the blind. These agencies may make grants to public or private nonprofit organizations to conduct activities or provide services. Funds are awarded and must be obligated in the year for which they are appropriated. Funds were made available for this program for the first time in fiscal year 1986. In the first and second years of this program, grants were awarded for 12 month periods. In fiscal year 1988, grants were awarded for a 36 month project period. The level of funding is dependent upon the availability of appropriations.

Accomplishments

The Comprehensive Services for Independent Living is a relatively new program, receiving funding for the first time in 1985. States are providing most of the services authorized by the Act and are moving toward making them available on a statewide basis. The Rehabilitation Services Administration is developing a case review system for this program based on the system currently in use for the vocational rehabilitation program under Title I of the Act. RSA is also developing a State program review guide for the purpose of monitoring State agency performance and compliance with applicable law and regulations.

In fiscal year 1989, funds under this program were distributed to 79 State agencies. Our most recent data indicates that the total number of active cases for persons served under this program was 15,413 for fiscal year 1988. The major disability categories of persons served were orthopedic impairments, including spinal cord injuries and amputations (42 percent), visual impairments (32 percent), and hearing impairments (7 percent). Designated State agencies used a combination of State service providers and local and private nonprofit agencies, organizations, and facilities, including Part B Independent Living Centers, as appropriate, to provide independent living services. Services are arranged through cooperative agreements or direct grants for specific services such as training activities in daily living skills, help for the homebound, hiring and use of attendants, attendant care, housing, physical and mental restoration services, transition from school to work programs, and advocacy and community awareness activities. Examples of needs served through State programs include special pre-vocationally oriented programs for the chronically mentally ill and elderly populations, and the development of independent living programs for

Accomplishments — Continued

Native Americans residing on reservations and severely deaf-blind persons. States also have been applying creative needs-based approaches toward the provision of independent living services in rural and urban poverty areas and assisting with the deinstitutionalization of persons with severe physical disabilities and integration of these persons into the community.

The Rehabilitation Act Amendments of 1986 required each State to establish a State independent living council composed of a majority of individuals with disabilities. The Department has provided technical assistance to States in meeting the requirement. All States have submitted assurances that they have complied with this provision.

The Centers for Independent Living program began in 1979 with only 10 centers. It has grown into a national program which, in 1989, funded 141 grants which supported projects in 196 locations. Centers provide direct services to disabled persons and referrals to other agencies. They also work to promote local community awareness and sensitivity to the special needs of the disabled population such as curb cuts and accessible housing and transportation. Five new awards were made in 1988 through a competition which gave a competitive preference to applications for projects which would serve geographic areas which were unserved or underserved by existing independent living centers. The competition invited applicants to propose projects to provide services to assist individuals with severe handicaps to make the transition from school or institution to work and community living and the need to serve a broad range of disability groups. The Rehabilitation Act Amendments of 1986 require the Department to reserve an amount in fiscal year 1990 that is 90 percent of the amount appropriated for fiscal year 1989. This amount shall be available only for grantees receiving assistance in fiscal year 1989. Funds received in excess of this amount may be used for new awards or for existing centers.

The Rehabilitation Services Administration estimates that over 75,000 persons have been served since this program was created, approximately 75 percent of whom are severely disabled. Data submitted by the centers indicate that they devote a significant amount of their resources to advocacy, peer counseling, and training to develop independent living skills. Centers are providing innovative services in response to needs of disabled consumers within the community. Examples include provision of services to individuals with severe disabilities who are homeless, teaching medical and nursing students about the independent living movement to help eradicate attitudinal barriers in the medical profession and enhance the quality of medical care, developing cooperative home ownership opportunities among persons with disabilities, and serving as plaintiffs in litigation to gain accessible transportation and housing.

The Rehabilitation Act Amendments of 1984 mandated that the Department develop evaluation standards for use by the centers. The Rehabilitation Act Amendments of 1986 require that the Rehabilitation Services Administration

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Accomplishments -- Continued

develop indicators of what constitutes minimum compliance with the standards for the purpose of evaluating the centers. A notice of proposed rulemaking covering the evaluation standards and compliance indicators is scheduled to be published in the second quarter of fiscal year 1990. Also beginning in 1990, site visits will be conducted using the standards, continuation grant applications, and proposed compliance indicators to evaluate the performance of Part B centers for independent living.

Many existing projects focus on serving one specific disability or set of disabilities. For example, 22 centers emphasize services to blind and visually impaired persons, 5 emphasize services to the deaf-blind, 10 are sponsored by organizations for the mentally retarded, and 3 are sponsored by agencies focusing on cerebral palsy. However, consistent with the evaluation standards developed for this program, all new competitions have been emphasizing the need for projects to serve multiple disability groups. Other changes in program administration were made as a result of the Rehabilitation Act Amendments of 1986. These include a requirement that every center have a board which is composed of a majority of individuals with disabilities. The Department interpreted the requirement to refer to the principal governing body of the organization and has required Centers to meet that standard.

The Independent Living Services for Older Blind Individuals program was funded for the first time in 1986. Twenty-four projects received one-year grant awards in 1986 and 26 in 1987. Final regulations for this program were published in 1988 and included selection criteria on the extent to which the plan of operation and management includes involvement of older blind individuals in planning for and conducting program activities. Following publication of the regulations, three year grants were were competitively awarded in 1988 to 28 State agencies. These 28 awards are in continuation status in 1989 and 1990. The average award amount is about $200,000. This is a new program, and there are no data regarding its accomplishments at this time.

1991 Budget Proposal

The 1991 budget request for Independent Living would maintain funding for Part B, Centers for Independent Living and Part C, Independent Living Services for Older Blind Individuals at the 1990 appropriation level. This reflects the Department's sustained effort to maintain services for severely disabled persons. The Department is requesting $13,481,000, a 4.2 percent increase in the Part A Comprehensive Services for Independent Living program. The increase is proposed in order to emphasize the importance of statewide services and statewide coordination of services. In the past, the Department has noted that the three independent living programs are overlapping and duplicative in many ways. The Department is continuing to evaluate alternatives for improving the effectiveness and efficiency of the independent living program. The authorization for this program expires after fiscal year 1991.

Rehabilitation Services and Handicapped Research

2. Special purpose funds: c. Independent living

1991 Budget Proposal — Continued

At Congress's direction, since 1982, all grantees have been continued noncompetitively in the Part B Independent Living Centers program once they receive funding. Some new awards were made in 1985 to expand the capacity of existing centers to serve disability groups not served in the past. In 1987, 13 new centers were funded and, in 1988, 5 new centers were funded. The Rehabilitation Act Amendments of 1986 mandate that the Department noncompetitively continue all centers through 1990, provided that centers are in compliance with the evaluation standards for this program and the terms of their grant awards. For fiscal year 1991, all awards would be made on a competitive basis and shall include consideration of past performance, where appropriate. Grants under the Part C program were awarded for a three year grant cycle in 1988. All of these grants would continue to receive continuation funding in 1991.

Impact Data	1989	1990	1991
Part A:			
Number of grantees.. 1/	79	78	78
Average State award. 2/	$242,284	$247,100	$257,629
Part B:			
Number of grantees..	97	100	100
Number of grants.... 3/	141	146	146
Part C:			
Number of grantees..	28	28	28

1/ In total, 79 State agencies are eligible to participate in this program including the outlying areas and both general and blind State vocational rehabilitation agencies. The reduction in the number of agencies in 1990 and 1991 is due to an anticipated consolidation of a blind agency and general vocational rehabilitation agency.

2/ Funds are distributed on the basis of population with a minimum allotment of $200,000 going to each of the 50 States, District of Columbia, and Puerto Rico, and 1/8 of 1 percent of the total available to each of the Outlying Areas. This figure represents the average State award, including both general and blind agency awards.

3/ Grantees may receive more than one grant award to expand services offered by existing centers.

2. Special purpose funds: d. Training
(Rehabilitation Act of 1973, Title III, Section 304)

1991 Authorization: $38,517,000

Budget Authority:

1990 Appropriation	1991 Request	Increase or Decrease
$31,110,000	$31,110,000	---

Purpose and Method of Operation

The purpose of this program is to ensure that skilled personnel are available to serve the rehabilitation needs of disabled persons. The program supports training and related activities designed to increase the numbers of qualified personnel trained in providing rehabilitation services. Grants are awarded to and contracts made with States and public or nonprofit agencies and organizations, including institutions of higher education, to pay all or part of the cost of conducting training programs.

The rehabilitation training program serves the rehabilitation field in many ways. Long-term training funds are used to support the training of rehabilitation professionals in a broad range of 23 rehabilitation disciplines and areas of professional practice. Projects funded in the area of experimental and innovative training prepare new types of rehabilitation professionals or develop innovative training methodologies. Training funds are also used for continuing education programs to upgrade the skills of rehabilitation workers employed by State vocational rehabilitation agencies and public and private agencies which cooperate with these State agencies, to provide inservice training for staff of State vocational rehabilitation agencies, and to train interpreters for deaf individuals.

Programs vary considerably throughout the country in terms of content, methodology, and type of trainee. For example, long-term training primarily funds preservice academic training. Grants for continuing education programs provide training on a multi-state basis for personnel already employed by both public and private rehabilitation agencies and facilities. Grants for State agency inservice training are awarded to each State to support the training of personnel and related administrative costs within the State vocational rehabilitation agency. Inservice training is directed toward helping staff meet State agency operational responsibilities and procedural requirements.

Rehabilitation training is a current-funded program. Awards provide both institutional and scholarship support for various rehabilitation disciplines and areas of professional practice. Funds become available for obligation on October 1 of the fiscal year for which they are appropriated and remain available for 12 months. The level of funding is dependent upon the availability of appropriations.

Accomplishments

In 1989, a total of 343 awards were made. This included awards in 19 long-term training categories, experimental and innovative training, rehabilitation continuing education, in-service training, and interpreter training for the deaf.

The Rehabilitation Act Amendments of 1984 required the Department to develop a system for allocating training funds according to identified personnel shortages. In the past, the Department focused on covering all training fields rather than on identifying and targeting shortage areas. In 1987, the Department completed the first National Assessment of Vocational Rehabilitation Personnel Shortages and Training Needs. This study was used in making allocations of training funds in 1987 and 1988 among the numerous areas authorized by the Rehabilitation Act. The Department completed a second survey in the spring of 1989. The survey covered all State vocational rehabilitation agencies, a sample of State-approved vocational rehabilitation facilities, and a sample of grantees in selected vocational rehabilitation discretionary grant programs. The results were used to validate information collected by the original survey and to provide current data on personnel shortages and training needs.

In examining personnel shortages, the 1989 study focused on identifying those professions in which personnel shortages stemmed from a shortage of trained professionals rather than other factors such as competition with private providers, hiring freezes, or management difficulties. The survey form was modified to include seven specialties within the general area of rehabilitation counseling, add client assistance and independent living administration as new specializations, and gather information concerning minimum educational requirements for each profession. Changes were also made to increase accuracy, reduce respondent burden, and refine the sampling plan to obtain better data on the needs of outside service providers.

Survey results indicated that the fields of blindness, deafness, mental illness, job development, vocational evaluation, rehabilitation engineering, and supported employment warrant increased attention and resources. The need for general rehabilitation counselors and interpreters for the deaf remained strong. The data also revealed that many States with vacancies, that also indicate an inadequate pool of applicants, set minimum educational requirements at the bachelor degree level. In 1989, the Rehabilitation Services Administration (RSA) also collected data from the field on priorities through the use of four regional forums. These data and data from the updated National Assessment of Personnel Shortages and Training Needs were used to develop the Department's 1989 training allocation plan.

The Department intends to use the results of the National Assessment update as a basis for the allocation of funds for the 1990 competitions. The Senate committee raised concerns that neither rehabilitation nursing or psychology were identified as shortage areas in this study. The Department believes that the survey was objective and comprehensive and responded to the statutory

Accomplishments -- Continued

requirement that training funds be allocated in accordnace with identified training needs. The Commissioner of the Rehabilitation Services Administration has established a workgroup to evaluate the process for determining allocations and is soliciting input from rehabilitation service delivery groups.

The level of funding, number of trainees, and average cost per trainee by type of training are shown for 1989 in the following table:

Type of Training	Estimated Number of Trainees	Total Grant Awards	Average Federal Cost per Trainee
Long-term............	3,180	$21,326,000	$7,000
Experimental and innovative.........	175	1,319,000	7,540
Continuing education.	2,810	3,651,000	1,300
Inservice............	8,120	3,254,000	400
Interpreter training.	808 1/	900,000	1,114
Total............	15,093	30,450,000 2/	1,937

1/ These projects focus on both direct training and continuing education. Of the 808 enrollees in the academic program, 219 completed their training as employment-ready interpreters in 1989. Grantees also conducted 319 continuing education workshops for persons already trained as interpreters.

2/ Excludes $50,000 used for field readers to conduct peer reviews of grant applications.

Two biennial priorities were published for 1989 and 1990. The first was for projects which train rehabilitation counselors to assess the functional capacities of, plan effective vocational and independent living rehabilitation programs for, develop jobs for, and place individuals with severe disabilities. This training must involve trainees in the provision of rehabilitation services and independent living rehabilitation services to individuals with severe disabilities. A total of $1,557,410 was awarded in 1989 under this priority. Between $500,000 and $1,500,000 is available for new awards under this priority for 1990. Under a second priority for the Experimental and Innovative Training program, $265,741 was provided in 1989 for the training of direct service personnel for supported employment service delivery. Between $400,000 and $600,000 is available for new awards under this priority for 1990.

The Secretary published two additional single year priorities in 1989 and 1990. The regulations for the Rehabilitation Training program require that a set of any training materials developed under the program be submitted to an

Accomplishments — Continued

information clearinghouse designated by the Secretary. In 1989, a grant for $200,000 was awarded for the information clearinghouse. For 1990, an invitational priority was published for the training of interpreters for deaf individuals for two national projects focused on training interpreters to serve in educational and rehabilitation settings.

1991 Budget Proposal

The Department of Education is requesting $31,110,000 for Rehabilitation Training for fiscal year 1991. This would maintain the program at the 1990 appropriation level. At the 1991 level, support will continue to be provided for new and continuation awards in the long-term training program, experimental and innovative training, regional continuing education, inservice training, and interpreter training. We estimate that $19,224,000 would be available for continuation grants and $11,886,000, or 38 percent, for new awards. In 1990, only 25 percent of total funds are available for new awards. Funding priorities for 1991 have not yet been established.

Impact Data

	1989	1990	1991
Estimated number of grants:			
Long-term training................	226	236	236
Experimental and innovative training.................	11	12	12
Continuing education.............	11	11	11
In-service training..............	83	83	83
Interpreter training.............	12	12	12
Total..................	343	354	354

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2. Special purpose funds: e. National Institute on Disability and Rehabilitation Research
(Rehabilitation Act of 1973, Title II)

1991 Authorization: $60,378,500

Budget Authority:

1990 Appropriation	1991 Request	Increase or Decrease
$54,318,000	$54,318,000	----

Purpose and Method of Operation

The National Institute on Disability and Rehabilitation Research (NIDRR), which was authorized by the 1978 Rehabilitation Act Amendments, was established in 1980 to support research to improve the lives of persons of all ages with physical and mental disabilities, and particularly the lives of those who are severely disabled.

NIDRR supports rehabilitation research, demonstration projects, and related activities including the training of persons who provide rehabilitation services or who conduct rehabilitation research. In addition, the Institute supports projects to disseminate and promote the use of information concerning developments in rehabilitation procedures, methods, and devices. Information is provided to both rehabilitation professionals and disabled persons.

To accomplish its purpose, NIDRR awards discretionary grants to: (1) identify the causes and consequences of disability; (2) find ways to maximize the health, physical, and emotional status, functional ability, self-sufficiency, self-development, and personal autonomy of persons with disabilities; (3) find ways to prevent or minimize personal and family problems that result from disability, including physical, mental, social, educational, vocational, and the economic effects of disability; and (4) find ways to reduce or eliminate physical, social, educational, vocational, and environmental barriers so as to permit persons with disabilities access to services and assistance.

NIDRR's operating programs include:

o Rehabilitation Research and Training Centers (RRTC) -- Each center has a major program of research, such as musculoskeletal disorders, mental illness, mental retardation, vocational rehabilitation, deafness and hearing impairments, blindness and visual impairments, brain trauma, aging, supported

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Purpose and Method of Operation -- Continued

employment, families with disabilities, and independent living. The centers are affiliated with universities, which provide access to major professional and research resources, and which provide a long-term integrated research and training program of programmatic research in priority areas.

o Rehabilitation Engineering Centers (REC) -- These centers support a research and training program designed to expand the development of technological systems for persons with disabilities; to stimulate the production and distribution of equipment in the private sector; to conduct clinical evaluation of equipment; and to train professionals in rehabilitation engineering concepts. Each center has a programmatic research area in which a major issue is addressed in a clinical environment, where clinicians and technologists can work together to develop solutions to the problems encountered by individuals with disabilities. Programmatic areas of research include functional electrical stimulation, transportation, wheelchairs, mobility disorders, sensory aids, vocational rehabilitation, and technology transfer.

o Research and Demonstration Projects -- These projects are designed to be responsive to direct, short-term research problems which bear directly on the development of methods, procedures, and devices to assist in the provision of rehabilitation services, particularly to severely disabled individuals. Such projects are supported in a wide array of public and private organizations and are directed to investigate areas of high priority where immediate acquisition of new knowledge is important.

o Utilization and Dissemination Projects -- These projects support information utilization and dissemination, including state-of-the-art assessments and diffusion centers, to ensure that knowledge generated from research is available and can be fully used to improve services for disabled persons.

o Field-Initiated Research -- This program supports research and demonstration projects that address important activities that were not included in NIDRR's announced priorities, thereby allowing NIDRR to expand the breadth of its research.

o Innovation Grants -- The innovation grant program was initiated in 1985 to enable NIDRR to benefit from small field-initiated research projects. These one-year grants, not to exceed $50,000 per grant award, permit the testing of new concepts and ideas, the purchase of devices for evaluation, and the development of unique rehabilitation training curricula.

Purpose and Method of Operation -- Continued

o Research Training -- In response to a congressional mandate, this program was initiated in 1986 to increase the number of highly-qualified researchers in the rehabilitation field. It supports grants to institutions providing advanced training to physicians, nurses, and engineers.

o Fellowships -- The Mary E. Switzer Fellowship program supports fellowships to enable highly qualified individuals to carry out discrete research activities that are related to NIDRR's research priorities or to pursue studies in areas of importance to the rehabilitation community.

o Other Activities -- As appropriate, NIDRR also funds activities such as interagency agreements, international activities, and publications.

This is a current-funded program in which funds become available on October 1 of the fiscal year for which they are appropriated and remain available for 12 months. The level of funding is dependent upon the availability of appropriations. Projects funded under the program range from one to five years in duration.

Accomplishments

In 1989, NIDRR's achievements included the funding of 39 RRTCs and 16 RECs, as well as continued activities in all other program areas.

Rehabilitation Research and Training Centers (RRTC) -- Thirty-nine RRTCs were funded at a total cost of $21,900,000. Two new Centers were funded in 1989, one dealing with issues related to children with chronic disabilities, and another dealing with accessible housing for disabled persons of all ages. The remaining 37 Centers were continued from 1988. These Centers focused on a wide variety of areas, such as enhancing employability, the rehabilitation of the economically disadvantaged, improving the rehabilitation of Native Americans, and the mental health rehabilitation of individuals with deafness. Each Center taught four to six short-term continuing education courses for about 8,500 professionals nationwide.

Rehabilitation Research Engineering Centers (REC) -- Sixteen RECs were continued in 1989 at a total cost of $9,600,000. Each Center conducted approximately ten individual projects that applied rehabilitation engineering knowledge. Centers focused on a wide variety of areas, including prosthetics and orthotics, modifications to worksites and educational settings, and evaluation of rehabilitation technology.

Accomplishments -- Continued

Research and Demonstration Projects -- Forty-one research and demonstration projects were funded at a total cost of $6,100,000. These projects addressed the specific needs of handicapped persons and vocational rehabilitation. New projects included rural job development, issues related to private rehabilitation practices, and issues related to adventitious hearing impairment. Projects continued from 1988 included studies on the therapeutic effects of functional electrical stimulation on paralyzed persons, the role of zinc on the cognitive rehabilitation of severely brain-injured persons, and psychological and social adjustment after stroke. In addition, 17 one-year Small Business Innovative Research contracts were funded at a total cost of $600,000.

Utilization and Dissemination Projects -- Twenty utilization and dissemination projects were funded at a total cost of $4,200,000. Highlights of this program included continuation of a public education program on traumatic brain injury, a newly-funded project to support the Independent Living Center resource exchange network, a project to disseminate models for educating deaf students in the least restrictive environment, and a project to develop projections on demographic data and employment statistics for the disabled. NIDRR continued its diffusion activities through contracts such as those with the National Rehabilitation Information Center (NARIC) for the publication of Rehab Briefs. In addition, NIDRR provided funds to assist the National Center for Health Statistics in meeting the costs of preparing the 1990 survey on the use of assistive devices.

Field-Initiated Research -- Seventy-five field-initiated projects were funded at a total cost of $6,995,000. Projects funded in 1989 included the development of a visual telephone for the deaf, the development and validation of teaching routines for enhancing the performance of adolescents with a learning disability, and an evaluation of the the impact of physical fitness training on persons with psychiatric disabilities.

Innovation Grants -- Forty-one innovation grants were funded for one year at a total cost of $2,000,000. These grants support small projects designed to develop devices and training curricula as well as to test new ideas that will contribute to the rehabilitation of persons with disabilities. Projects supported in 1989 included establishing performance benchmarks for hourly-rated workers with disabilities, a study of the supported work status and the quality of life for individuals with long-term mental illness, a national consensus conference on catastrophic illness and injury, and a feasibility study of the usefulness of a novel hand prosthesis design.

Accomplishments — Continued

Fellowships -- Nine fellowships were awarded at a total cost of $290,000. Studies pursued in 1989 by Distinguished Fellows included the adoption of children with disabilities, the development of a reaching trajectory after stroke, and post-school tranistion barriers from school to competitive employment. Studies pursued in 1989 by Merit Fellows included the personal assistance needs of disabled individuals, the needs of disabled Mexican-Americans, and returning employees with cancer back to work.

Research Training -- Eleven Research Training awards were made at a total cost of $1,515,000. In response to congressional directives, NIDRR created a program of training in rehabilitation research in 1986. Thus far, grants have been awarded to 12 institutions providing advanced research training to physicians, nurses, engineers, and physical therapists.

Spinal Cord Injury -- NIDRR spent approximately $5,000,000 for a program of 13 model projects that provide comprehensive services, research, and data collection on rehabilitation and spinal cord injury. These funds are appropriated under the Special Demonstration program authority and are transferred to NIDRR to administer. Each project contributes to a national spinal cord injury data base of 10,300 patients as research subjects.

1991 Budget Proposal

The 1991 budget request for the National Institute on Disability and Rehabilitation Research (NIDRR) is $54,318,000, the same as the 1990 appropriation. Of the total requested, about 82 percent would be needed to continue on-going projects. About 17 percent would be used to fund new activities. Remaining funds would be used for costs associated with field readers, conferences, printing, and consultants.

In 1991, NIDRR plans to recompete two RRTCs and to fund one new REC dealing with technology for elderly disabled persons. Since it plans to undertake a study in the near future that will result in an updated long-range plan, NIDRR does not plan to announce any other new priorities for RRTCs and RECs in 1991.

The following activities would be supported in 1991:

o Rehabilitation Research and Training Centers — NIDRR expects to support 40 Centers in 1991. NIDRR will recompete two Centers, one dealing with issues related to blindness and the other dealing with issues related to deafness.

1991 Budget Proposal -- Continued

o Rehabilitation Engineering Centers -- NIDRR expects to support 19 centers under this program in 1991. NIDRR plans to continue funding for the 16 centers that were funded in 1989 and for the 2 centers on orthopedic aids and devices for children and transportation that are expected to be newly funded in 1990. A new Center dealing with technology for elderly persons is expected to be funded in 1991.

o Research and Demonstration Projects -- NIDRR expects to support 22 projects under this program in 1991, 16 of which will be continuation projects and 6 of which will be newly funded. In addition, NIDRR expects to fund at least 25 one-year Small Business Innovative Research Grants. New projects expected to be funded in 1991 include research on employee benefits for individuals with disabilities and research on interpreters for individuals who are deaf.

o Utilization and Dissemination Projects -- NIDRR expects to support 6 new projects and 10 continuation projects under this program in 1991. Projects that may be supported in 1991 include projects dealing with information diffusion to disabled individuals in rural areas and to elderly disabled individuals which focus on the use of generic service programs in disseminating information, particularly information about assistive technology. Funding would continue to support publications such as Rehab Briefs.

o Field-Initiated Research -- NIDRR expects to support 25 new projects and 53 continuation projects under this program in 1991. The program has grown substantially during the past few years. Because of the interest in the field generated by this program and the high quality of the applications received and the research proposed, NIDRR anticipates that it will support approximately 16 more projects than it expects to support in 1990.

o Innovation Grants -- NIDRR expects to support 20 new grants, for up to $50,000 each, under this program in 1991, the same number it expects to support in 1990. No continuation projects would be funded since the program only supports one-year pojects. Although it continues to find these grants are useful mechanisms for testing new ideas, devices, and training curricula, NIDRR believes that more resources should be devoted to other programs and, therefore, it expects to decrease the number of grants supported under this program in 1990 and 1991 from the number supported in 1989.

o Fellowships -- NIDRR expects to support 10 new one-year postdoctoral and predoctoral fellows in 1991, the same number supported in 1989 and 1990.

Rehabilitation Services and Handicapped Research

2. Special purpose funds: e. National Institute on Disability and Rehabilitation Research

1991 Budget Proposal -- Continued

o Research Training Grants -- NIDRR expects to support 7 continuation awards, one more than is expected to be supported in 1990, and to make 3 new awards under this program in 1991. The Department believes that 3 new awards per year is appropriate considering the small number of applications received for this program in the past and the level of need for qualified rehabilitation researchers.

Impact Data

Number of projects: 1/ (Estimates)	1989	1990	1991
Research and training centers	39	40	40
Rehabilitation engineering centers	16	18	19
Research and demonstration projects 2/	41	28	22
Utilization and dissemination projects	20	12	16
Field-initiated research projects	75	62	78
Innovation grants	41	20	20
Fellowships	9	10	10
Research training grants	11	9	10

1/ Each program includes other activities such as contracts, interagency agreements, and international activities.

2/ In 1989, the program also supported 17 one-year Small Business Innovative Research contracts (SBIR contracts). NIDRR expects to support at least 25 one-year SBIR contracts in 1990 and 1991.

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2. Special purpose funds: f. Technology assistance
(Technology-Related Assistance for Individuals with Disabilities Act of 1988, P.L. 100-407)

1991 Authorization: Indefinite

Budget authority:

1990 Appropriation	1991 Request	Increase or Decrease
$14,814,000	$20,000,000	+$5,186,000

Purpose and Method of Operation

Title I of the statute authorizes discretionary grants to States to assist them in developing and implementing statewide programs that facilitate the provision of assistive devices and services to disabled persons of all ages. Funds may be used to identify the technology-related needs of individuals with disabilities, coordinate resources for delivering technology-related services, provide technology-related training and technical assistance to consumers and service providers, disseminate information on technological devices, and provide assistive devices and services.

Under the statute, the Secretary could award up to 10 grants in 1989 and up to 20 grants in 1990. In 1991 and thereafter, the Secretary can award any number of grants. The Secretary is required to make 3-year development grant awards and is authorized to award a 2-year extension grant to any State that has made significant progress in developing a statewide program. Development grants must be made on a competitive basis. State development grants must be in the $500,000 - $1,000,000 range for the first 2 years; in the third year, grants must be in the $500,000 - $1,500,000 range. Extension grants for States must also be in the $500,000 - $1,500,000 range. Territories can receive up to $150,000 per year for development and extension grants.

The statute requires the Secretary to reserve 1 percent of the funds appropriated, or $500,000, whichever is greater, to provide technical assistance to the States. The Secretary is also required to conduct a national evaluation of the program. A report on the national evaluation is due to the Congress on October 1, 1992.

Title II of the statute mandates three studies: a study on the financing of assistive technology devices and services, to be performed by the National Council on Disability; a study on the feasibility and desirability

Purpose and Method of Operation -- Continued

of creating a national information and program referral network to assist States to develop and implement their statewide programs; and a study concerning the feasibility of operating a direct loan program of general applicability beginning after September 30, 1993. Parts C and D of Title II authorize training and public awareness projects and demonstration and innovation projects.

The program is administered by the National Institute on Disability and Rehabilitation Research.

This is a current-funded program in which funds become available on October 1 of the fiscal year for which they are appropriated and remain available for 12 months. The level of funding is dependent upon the availability of appropriations.

Accomplishments

In 1989, funds were appropriated only for the State grant program authorized under Title I. Final regulations for this program were published in 1989. The Department received 49 applications from States and one application from a Territory. Nine States received first-year development grants. Award amounts ranged from a low of $500,000 to a high of $540,140; the average amount available was $517,000.

1991 Budget Proposal

For 1991, $20,000,000 is proposed, an increase of $5,186,000, or 35 percent, over the 1990 appropriation. As this proposal indicates, the Department continues to place a high priority on the development and implementation of comprehensive statewide programs of technology assistance. The Department recognizes that the efficient provision of technology-related devices and services can make a major contribution to improving the quality of life, increasing the opportunities for education and employment, and reducing communication barriers for disabled persons of all ages. The State grant program provides the impetus for States to develop and implement coordinated and effective programs that can meet the technology assistance needs of disabled persons. For this reason, the Department believes that funds should primarily be used to assist States in developing and implementing their statewide programs of technology assistance.

The budget proposal would provide funds to continue the 9 development grants made in 1989 for a third year, to continue the 13 grants expected to

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1991 Budget Proposal -- Continued

be made in 1990 for a second year, and to make 12 new grant awards in 1991. The amount of first-year grants would be increased slightly. To assist States as they develop their statewide systems, the budget proposal would provide increases in award amounts over the previous year for second and third-year grants. Of the amount proposed, $300,000 would be used to complete the national evaluation of the State grant program, approximately $1,000,000 would be used for continuations of the 10 model projects funded in 1990, and $500,000 would be used for technical assistance.

Impact Data (Estimate)	1989	1990	1991
Number of development grants:			
First-year grants..........	9	13	12
Second-year grants.........	--	9	13
Third-year grants..........	--	--	9
Average amount of grants:			
First-year grants.........	$517,000	$520,000	$525,000
Second-year grants........	--	528,000	535,000
Third-year grants.........	--	--	550,000
Number of model projects:			
New......................	--	10	--
Continuations.............	--	--	10

2. Special purpose funds: g. Evaluation
(Rehabilitation Act of 1973, Section 14)

1991 Authorization: Indefinite

Budget Authority:

1990 Appropriation	1991 Request	Increase or Decrease
$988,000	$988,000	---

Purpose and Method of Operation

Funds are used for studies to evaluate the impact and effectiveness of programs authorized by the Rehabilitation Act of 1973, including their general effectiveness in relation to their cost, their impact on related programs, and their structure and mechanisms for delivery of services. Studies are designed to provide information for policy decisions related to program management and effectiveness.

This is a current-funded program. The level of funding is dependent upon the availability of appropriations. Contracts are awarded on an annual basis for studies to be conducted by persons not immediately involved in the administration of the programs authorized by the Act. Some evaluations require multi-year studies.

Accomplishments

Three studies funded in 1988 were continued in 1989. These studies included the Evaluation of Vocational Rehabilitation Activities in Drug and Alcohol Rehabilitation, the Evaluation of the Impact of the State Vocational Rehabilitation Agency Management Control Project, and an update of the Training Survey first conducted in 1987 in order to identify shortage areas in 1989.

In 1989, three new studies were also funded. An evaluation of vocational assessment procedures and individualized written rehabilitation programs (IWRP) will examine, analyze, and evaluate the client assessment policies and processes used by the State Vocational Rehabilitation Agencies throughout the rehabilitation process. A policy review of evaluation studies in vocational rehabilitation will provide a critical review of 20 evaluation studies that have been conducted in vocational rehabilitation. The third study will develop a list of proposed indicators of effectiveness for the State/Federal vocational rehabilitation program.

Accomplishments -- continued

Three major studies will be funded in fiscal year 1990. These include an evaluation of quality assurance systems in State VR agencies, a "best practice" study of services for individuals with traumatic head injury in State VR agencies, and a recruitment and retention study of qualified rehabilitation personnel in the State-Federal rehabilitation program.

The quality assurance systems study will be a two-year study to be funded in 1990 and 1991. The objectives of this study are: to determine what quality assurance systems are in place or being developed in State VR agencies, to assess the quality and identify the most effective systems, and to develop and recommend standards to be used by RSA for Federal monitoring. Federal monitoring of State quality assurance systems can be utilized as a method for RSA to assure that clients receive effective services and that the agencies operate efficiently. The Department considers this study of the highest priority for 1990 as it is in keeping with the President's Accountability Initiative.

The recruitment and retention study will also be a two-year study to be funded in 1990 and 1991 and will build on the 1989 rehabilitation personnel training survey. It will examine the flow of vocational rehabilitation personnel into and out of the rehabilitation service delivery system. This study will include tracking recent graduates of Federally-supported pre-service programs and collecting information on departing VR personnel by means of exit interviews.

The traumatic brain injury study will be an evaluation of best practices in State VR agencies. It will provide an overall assessment of State VR agency programming and service delivery for individuals with traumatic brain injury. The study will focus on effective practices, model programs, and coordination with other agencies and organizations in the delivery of comprehensive services.

1991 Budget Proposal

For 1991, $988,000 is requested for Evaluation, the same as the 1990 appropriation. This amount of funding should be sufficient to continue the two major studies from 1990 and finance approximately two new studies in 1991. Approximately $550,000 of 1991 funds would be used for continuations. Possible areas of study for 1991 include: integrating program cost information and case reporting data, Social Security Administration data link, impact of VR funding on purchased services, dissemination of research and evaluation information on vocational rehabilitation, and the coordination of Federal programs for the disabled.

Rehabilitation Services and Handicapped Research

2. Special purpose funds: g. Evaluation

Impact Data

	1989	1990	1991
Total Number of Studies.	3	3	4
Continuation........	---	---	2
New.................	3	3	2

Rehabilitation Services and Handicapped Research

Vocational Rehabilitation State Grants 1/

State or Outlying Area	1989 Appropriation	1990 Appropriation	1991 Request 2/
TOTAL	$1,446,375,000	$1,524,677,000	$1,593,287,000
Alabama	33,555,346	34,707,983	36,204,543
Alaska	4,838,011	5,082,257	5,310,957
Arizona	19,072,474	19,953,601	20,981,970
Arkansas	19,665,722	20,415,328	21,311,282
California	116,239,977	123,014,633	128,955,455
Colorado	16,129,827	17,625,692	18,465,892
Connecticut	12,430,226	12,350,032	12,831,072
Delaware	4,841,250	5,082,257	5,310,957
Florida	62,556,297	65,549,275	68,826,866
Georgia	40,978,792	42,294,235	44,200,649
Hawaii	5,163,296	5,541,865	5,832,611
Idaho	6,938,146	7,418,561	7,785,290
Illinois	56,506,418	58,859,380	61,683,230
Indiana	36,555,220	38,138,605	39,856,847
Iowa	17,409,242	18,564,432	19,422,603
Kansas	13,982,969	14,729,261	15,407,435
Kentucky	29,764,584	30,937,348	32,290,737
Louisiana	31,799,020	35,893,845	37,499,352
Maine	8,987,470	9,203,783	9,585,746
Maryland	21,552,484	22,045,624	23,000,018
Massachusetts	30,626,956	30,621,258	31,741,398
Michigan	51,926,424	54,063,344	56,511,726
Minnesota	24,815,524	25,596,595	26,704,501
Mississippi	24,604,267	25,489,211	26,578,611
Missouri	33,036,964	34,526,357	35,998,068
Montana	5,743,622	6,040,763	6,324,838
Nebraska	9,137,747	10,292,856	10,766,650
Nevada	4,886,353	5,082,257	5,310,957
New Hampshire	5,936,331	5,938,995	6,178,544
New Jersey	32,770,378	32,265,172	33,518,167
New Mexico	11,148,583	11,648,158	12,188,607
New York	86,615,850	89,424,952	93,185,095
North Carolina	46,817,569	48,198,041	50,336,524
North Dakota	4,821,250	5,082,257	5,310,957
Ohio	68,476,835	71,327,410	74,455,302

Rehabilitation Services and Handicapped Research

Vocational Rehabilitation State Grants 1/

State or Outlying Area	1989 Appropriation	1990 Appropriation	1991 Request 2/
Oklahoma	$21,637,162	$23,562,950	$24,646,849
Oregon	16,157,795	17,484,104	18,328,181
Pennsylvania	74,183,213	76,612,644	79,917,356
Rhode Island	5,844,049	6,213,912	6,479,734
South Carolina	26,920,084	27,923,404	29,186,295
South Dakota	5,319,733	5,570,188	5,819,778
Tennessee	36,286,087	37,860,910	39,536,725
Texas	94,605,551	102,177,377	107,167,143
Utah	11,960,349	12,598,694	13,232,342
Vermont	4,871,859	5,082,257	5,310,957
Virginia	32,817,910	33,878,944	35,355,078
Washington	23,233,682	24,613,198	25,831,568
West Virginia	15,924,605	16,624,718	17,353,425
Wisconsin	29,379,475	32,232,143	33,624,255
Wyoming	4,858,392	5,082,257	5,310,957
District of Columbia	8,643,162	8,836,005	9,143,882
Puerto Rico	30,098,034	40,584,798	42,227,552
American Samoa	393,012	422,715	441,678
Guam	1,321,370	1,477,904	1,542,777
Northern Marianas	231,764	247,134	257,115
Virgin Islands	1,197,352	1,216,091	1,268,987
Marshall Islands	78,080	---	---
Republic of Palau	80,856	150,593	157,400
Undistributed	---	1,218,437	1,273,509

1/ Distributed on the basis of per capita income published by the Department of Commerce and total population published by the Bureau of Census. Initial distributions are subject to reallocation at the end of the budget year.

2/ Based on Per Capita Income for calendar years 1985, 1986, and 1987, published, by the Department of Commerce, Survey of Current Business, August 1988 Issue, Volume 68, No. 8. Population, as of July 1988, published by the Bureau of Census New Release CB 88-205, dated December 30, 1988. New income estimates will be available shortly and will be used to revise these numbers in January 1990. New population estimates will be available by the end of February 1990, at which time these numbers will be subject to further revision.

Rehabilitation Services and Handicapped Research

Supported Employment 1/

State or Outlying Area	1989 Appropriation	1990 Appropriation	1991 Request 2/
TOTAL	$27,227,000	$27,630,000	$28,790,000
Alabama	416,365	407,477	428,288
Alaska	251,797	250,000	250,000
Arizona	333,697	346,584	364,104
Arkansas	258,175	250,000	250,000
California	2,726,250	2,812,604	2,955,546
Colorado	336,110	327,908	344,539
Connecticut	327,443	321,154	337,381
Delaware	250,000	250,000	250,000
Florida	1,226,051	1,225,311	1,287,727
Georgia	613,190	629,990	662,117
Hawaii	250,000	250,000	250,000
Idaho	208,000	250,000	250,000
Illinois	1,181,079	1,153,689	1,212,330
Indiana	545,092	551,911	580,038
Iowa	279,296	281,518	295,865
Kansas	255,820	250,000	260,552
Kentucky	327,304	370,226	389,158
Louisiana	439,640	437,873	460,261
Maine	254,063	250,000	250,000
Maryland	462,458	459,131	482,450
Massachusetts	597,067	584,991	614,635
Michigan	783,763	917,865	964,662
Minnesota	432,988	427,840	449,523
Mississippi	258,699	260,260	273,436
Missouri	508,385	510,687	536,613
Montana	250,868	250,000	250,000
Nebraska	255,457	250,000	250,000
Nevada	253,447	250,000	250,000
New Hampshire	253,619	250,000	250,000
New Jersey	782,355	766,975	805,993
New Mexico	250,000	250,000	250,000
New York	1,756,690	1,779,010	1,869,436
North Carolina	647,088	644,592	677,387
North Dakota	252,301	250,000	250,000
Ohio	1,062,785	1,078,293	1,133,114

Rehabilitation Services and Handicapped Research

Supported Employment 1/

State or Outlying Area	1989 Appropriation	1990 Appropriation	1991 Request 2/
Oklahoma	$333,663	$322,048	$338,336
Oregon	277,781	274,862	288,945
Pennsylvania	1,217,179	1,192,133	1,252,653
Rhode Island	230,000	250,000	250,000
South Carolina	337,541	344,696	362,196
South Dakota	252,428	250,000	250,000
Tennessee	478,471	486,250	511,082
Texas	1,654,590	1,672,919	1,758,009
Utah	250,000	250,000	250,000
Vermont	250,000	250,000	250,000
Virginia	595,729	597,507	627,997
Washington	462,765	461,713	485,314
West Virginia	256,494	250,000	250,000
Wisconsin	473,740	482,278	506,788
Wyoming	250,000	250,000	250,000
District of Columbia	250,000	250,000	250,000
American Samoa	41,337	34,538	35,988
Guam	41,337	34,538	35,988
Northern Marianas	41,337	34,538	35,988
Puerto Rico	198,989	327,015	343,585
Republic of Palau	4,821	3,799	3,959
Virgin Islands	41,456	34,538	35,988
Undistributed	---	30,739	32,029

1/ Distributed on the basis of population with a minimum allotment of $250,000 to each of the 50 States, D.C. and Puerto Rico and 0.125 of 1 percent of the total available for the Outlying Areas. However, Palau's allotment is based on its population percentage of the Trust Territory, and the remaining amount, which would have gone to the other islands in the Trust Territory if they were participating in the program, is redistributed to other Territories. Initial distributions are subject to reallocation at the end of the budget year.

2/ Population as of July 1, 1988, as published by the Department of Commerce, Bureau of the Census-News Release CB-88-205, dated December 30, 1988. New population estimates will be available by the end of February 1990, at which time these numbers will be subject to further revision.

Rehabilitation Services and Handicapped Research

Client Assistance 1/

State or Outlying Area	1989 Appropriation	1990 Appropriation	1991 Request 2/
TOTAL	$7,775,000	$7,901,000	$8,233,000
Alabama	110,268	111,994	118,046
Alaska	75,000	75,000	75,000
Arizona	91,447	95,261	100,419
Arkansas	75,928	75,000	75,000
California	747,101	773,061	815,126
Colorado	90,298	90,128	95,016
Connecticut	87,970	88,271	93,086
Delaware	72,500	75,000	75,000
Florida	324,708	336,784	355,102
Georgia	168,039	173,157	182,569
Hawaii	75,455	75,000	75,000
Idaho	75,000	75,000	75,000
Illinois	317,299	317,100	334,387
Indiana	151,525	151,697	159,924
Iowa	76,538	77,377	81,570
Kansas	75,962	75,000	75,000
Kentucky	102,104	101,759	107,302
Louisiana	122,212	120,352	126,923
Maine	75,461	75,000	75,000
Maryland	124,241	126,195	133,034
Massachusetts	160,402	160,788	169,510
Michigan	252,041	252,282	266,005
Minnesota	116,323	117,595	124,028
Mississippi	76,020	75,000	75,000
Missouri	139,801	140,366	148,023
Montana	75,000	75,000	75,000
Nebraska	75,000	75,000	75,000
Nevada	75,391	75,000	75,000
New Hampshire	75,411	75,000	75,000
New Jersey	210,180	210,808	222,260
New Mexico	75,583	75,000	75,000
New York	488,331	488,972	515,605
North Carolina	148,197	177,170	186,814
North Dakota	75,000	75,000	75,000
Ohio	291,246	296,376	312,515

Rehabilitation Services and Handicapped Research

Client Assistance 1/

State or Outlying Area	1989 Appropriation	1990 Appropriation	1991 Request 2/
Oklahoma	$89,639	$88,517	$93,343
Oregon	76,058	75,548	79,641
Pennsylvania	326,996	327,665	345,516
Rhode Island	75,383	75,000	75,000
South Carolina	92,500	94,742	99,905
South Dakota	75,276	75,000	75,000
Tennessee	133,008	133,649	140,947
Texas	458,424	459,813	484,855
Utah	75,653	75,000	75,000
Vermont	75,212	75,000	75,000
Virginia	161,746	164,228	173,176
Washington	124,323	126,905	133,806
West Virginia	75,737	75,000	75,000
Wisconsin	131,692	132,557	139,789
Wyoming	75,104	75,000	75,000
District of Columbia	75,380	75,000	75,000
Puerto Rico	89,913	89,883	94,758
American Samoa	45,000	45,000	45,000
Guam	45,000	45,000	45,000
Northern Marianas	45,000	45,000	45,000
Marshall Islands	5,000	---	---
Republic of Palau	4,950	4,950	4,950
Virgin Islands	45,024	45,000	45,000
Undistributed	---	40,050	40,050

1/ Distributed on the basis of population with a minimum allotment of $75,000 to each of the 50 States, D.C. and Puerto Rico and $45,000 to the each of the Territories. However, Palau's allotment is based on its population percentage of the Trust Territory, and the remaining amount, which would have gone to the other islands in the Trust Territory if they were participating in the program, is redistributed to other Territories. Initial distributions are subject to reallocation at the end of the budget year.

2/ Based on Population as of July 1, 1988, as published by the Department of Commerce, Bureau of the Census - News Release CB-88-205, dated December 30, 1988. New population estimates will be available by the end of February 1990, at which time these numbers will be subject to further revision.

Rehabilitation Services and Handicapped Research

Independent Living 1/

State or Outlying Area	1989 Appropriation	1990 Appropriation	1991 Request 2/
TOTAL	$12,678,000	$12,938,000	$13,481,000
Alabama	201,723	200,000	200,000
Alaska	200,193	200,000	200,000
Arizona	200,000	200,000	200,000
Arkansas	201,089	200,000	200,000
California	880,676	944,049	1,047,610
Colorado	201,391	200,000	200,000
Connecticut	201,355	200,000	200,000
Delaware	200,236	200,000	200,000
Florida	387,840	411,274	456,425
Georgia	202,625	211,454	234,637
Hawaii	200,397	200,000	200,000
Idaho	200,366	200,000	200,000
Illinois	373,613	387,234	429,741
Indiana	200,000	200,000	205,569
Iowa	201,196	200,000	200,000
Kansas	201,045	200,000	200,000
Kentucky	201,573	200,000	200,000
Louisiana	201,882	200,000	200,000
Maine	200,501	200,000	200,000
Maryland	201,913	200,000	200,000
Massachusetts	202,470	200,000	217,894
Michigan	289,269	308,081	341,898
Minnesota	201,791	200,000	200,000
Mississippi	200,144	200,000	200,000
Missouri	200,000	200,000	200,000
Montana	200,341	200,000	200,000
Nebraska	200,000	200,000	200,000
Nevada	200,370	200,000	200,000
New Hampshire	200,000	200,000	200,000
New Jersey	247,484	257,433	285,680
New Mexico	200,550	200,000	200,000
New York	575,000	597,123	662,634
North Carolina	206,871	216,357	240,102
North Dakota	200,247	200,000	200,000
Ohio	347,872	361,928	401,661

Rehabilitation Services and Handicapped Research

Independent Living 1/

State or Outlying Area	1989 Appropriation	1990 Appropriation	1991 Request 2/
Oklahoma	$201,381	$200,000	$200,000
Oregon	201,150	200,000	200,000
Pennsylvania	385,033	400,137	444,042
Rhode Island	200,416	200,000	200,000
South Carolina	201,445	200,000	200,000
South Dakota	200,299	200,000	200,000
Tennessee	200,000	200,000	200,000
Texas	541,845	561,513	623,159
Utah	200,709	200,000	200,000
Vermont	200,201	200,000	200,000
Virginia	202,492	200,552	222,544
Washington	201,916	200,000	200,000
West Virginia	200,800	200,000	200,000
Wisconsin	200,264	200,000	200,000
Wyoming	200,207	200,000	200,000
District of Columbia	200,000	200,000	200,000
Puerto Rico	160,274	200,000	200,000
American Samoa	15,847	16,173	16,851
Guam	15,847	16,173	16,851
Northern Marianas	---	16,173	16,851
Virgin Islands	15,847	16,173	16,851
Undistributed	4	16,173 3/	---

1/ Distributed on the basis of population with a minimum allotment of $200,000 to each of the 50 States, D.C. and Puerto Rico and .125 of 1 percent of the total available to each outlying area.

2/ Based on population as of July 1, 1987, as published by the Department of Commerce, Bureau of the Census - News Release CB-87-205, dated December 30, 1987. New population estimates will be available by the end of February 1989, at which time these numbers will be subject to further revision.

3/ These funds were set-aside under the formula for the Trust Territories. However, the Trust Territories are no longer participating in the Independent Living Program. These funds will be redistributed to other State agencies on a formula basis as part of the regular end-of-year redistribution.

MONDAY, FEBRUARY 26, 1990.

IMPACT AID

WITNESSES

DANIEL F. BONNER, ACTING ASSISTANT SECRETARY FOR ELEMENTARY AND SECONDARY EDUCATION

CHARLES E. HANSEN, ACTING DIRECTOR, IMPACT AID PROGRAM, OFFICE OF ELEMENTARY AND SECONDARY EDUCATION

SALLY H. CHRISTENSEN, DIRECTOR, BUDGET SERVICE, OFFICE OF PLANNING, BUDGET AND EVALUATION

THOMAS M. CORWIN, DIRECTOR, DIVISION OF ELEMENTARY, SECONDARY, AND VOCATIONAL ANALYSIS, OFFICE OF PLANNING, BUDGET AND EVALUATION

INTRODUCTION OF WITNESSES

Mr. NATCHER. At this time, we take up the Impact Aid request for fiscal year 1991.

We have before the committee Mr. Daniel Bonner. It's a pleasure to have you back before the committee.

And before you give us your statement, tell us who you have with you there at the table.

Mr. BONNER. Thank you, Mr. Chairman.

On my right, Tom Corwin of the Office of Planning, Budget and Evaluation; and Sally Christensen, Office of Planning, Budget and Evaluation.

On my left, Dr. Charles Hansen is the Director of the Impact Aid program.

FISCAL YEAR 1991 BUDGET REQUEST

Mr. NATCHER. We are delighted to have all of you before the committee, and Mr. Bonner, we will be pleased to hear from you at this time.

Mr. BONNER. Mr. Chairman, I will provide summary remarks and submit the written statement for the record.

We appreciate this opportunity to appear before you to discuss the President's 1991 budget request of $660.9 million for Impact Aid program activities under Public Law 81-874 and Public Law 81-815.

This request maintains the Federal Government's commitment to compensate school districts for the cost of educating children when enrollments and the availability of revenue from local sources have been adversely affected by Federal activities; $618.9 million for Maintenance and Operations activities under Sections 2 and 3, $15,000,000 for Disaster Assistance, and $27,000,000 for Construction projects.

The 1991 request is 9.8 percent less than the 1990 appropriated level. This decrease reflects the decision to propose the elimination of most payments for "b" children who reside on or whose parents work on Federal property.

With the exception of children who reside on or whose parents are employed on federally subsidized low-rent housing property, for whom we are requesting $25 million, the presence of these "b" children creates no major financial burden for local school districts.

Payments would continue to be made on behalf of "a" students who live on and whose parents work on Federal property, or who live on Indian lands and thus do not generate local property tax revenue.

Payments for "a" students would continue to be focused on those school districts that are the most heavily burdened by the effects of Federal activity.

Mr. Chairman, my colleagues and I would be glad to respond to your questions.

[The information follows:]

DEPARTMENT OF EDUCATION

Statement by

Daniel F. Bonner

Assistant Secretary for
Elementary and Secondary Education

on

Impact Aid

Mr. Chairman and Members of the Committee:

We appreciate this opportunity to appear before you to discuss the President's 1991 budget request of $660.9 million for Impact Aid program activities under Public Law 81-874 and Public Law 81-815. This request maintains the Federal Government's commitment to compensate school districts for the cost of educating children when enrollments and the availability of revenue from local sources have been adversely affected by Federal activities.

The President's budget includes $618.9 million for Maintenance and Operations activities under Sections 2 and 3, $15 million for Disaster Assistance, and $27 million for Construction projects. The 1991 request is 9.8 percent less than the 1990 appropriated level. This decrease reflects the decision to propose the elimination of most payments for "b" children, who reside on or whose parents work on Federal property. With the exception of children who reside on or whose parents are employed on federally subsidized, low-rent housing property, for whom we are requesting $25 million, the presence of these "b" children creates no major financial burden for local school districts. Payments would continue to be made on behalf of "a" students, who live on and whose parents work on Federal property, or who live on Indian lands, and thus do not generate local property tax revenue. Consistent with recent changes to the funding formula, payments for "a" students would continue to be focused on those school districts that are the most heavily burdened by the effects of Federal activity.

Maintenance and Operations

Of the $618.9 million requested for Maintenance and Operations, the President's budget includes $578.5 million for Section 3(a), the same as the 1990 appropriated amount. These funds are used for making payments for children who reside on and whose parents live on Federal property or who reside on Indian lands. For section 3(b), the President's budget includes $25 million for eligible districts enrolling children who live in federally subsidized, low-rent housing. We believe that, unlike other categories of "b" students, children who reside in low-rent housing typically bring with them special educational needs for which school districts should receive some financial assistance.

The formula for payments under Sections 3(a) and (b) would continue to provide higher rates of payment for districts with higher proportions of federally connected children.

The statute earmarks a maximum of $20 million of Section 3 funds for additional payments to districts eligible under Section 3(d)(2)(B). These are districts that are particularly heavily burdened by the presence of federally connected children, that do not have sufficient funds to provide a level of education equivalent to that of comparable districts in their States, and that meet additional criteria in the program statute. In addition to Section 3(a) students, Section 3(b) children from federally subsidized, low-rent housing would be counted for eligibility and payments under Section 3(d)(2)(B) in 1991. The statutory maximum for payments under this provision is an amount that should be sufficient to cover these payments for eligible districts in 1991.

The $15.4 million included for Section 2, which is the same as the 1990 appropriation, will provide approximately 62 percent of full entitlement for 260 applicants currently eligible for the program.

Disaster Assistance

For fiscal year 1991, the budget includes $15 million for Disaster Assistance. This request is expected to be sufficient for all claims for disaster assistance in 1991.

Construction

The President's budget requests $27 million for awards under Sections 5, 10, and 14 of the Construction program, the full amount authorized in the statute.

The budget includes $10 million for projects under sections 14(a) and (b), an increase of $2.5 million over the 1990 appropriation. Sections 14(a) and (b) authorize construction grants to school districts that are comprised mainly of Indian lands or that serve children residing on Indian lands. Many of these districts report a compelling need for new or additional facilities, yet they appear to have the least funds available from other sources.

Section 5 authorizes assistance for school construction in areas experiencing an increase in Federal activity, and Section 14(c) authorizes construction assistance to school districts that are comprised mainly of Federal lands and that have a substantial number of inadequately housed pupils.

Grants under these sections are generally for only a small proportion of the total cost of the projects. The amount of $7 million is requested for these sections; no funds were appropriated for this purpose in 1990.

For Section 10, which authorizes the repair and construction of facilities to serve children residing on Federal property, the 1991 request includes $10 million, an increase of $2.5 million over the 1990 appropriation. In addition to making emergency repairs to buildings owned by the Department of Education, these funds would be used in conjunction with the Department of Defense to continue implementation of the recommendations in the Departments' joint report to the Congress on school facilities on military installations.

My colleagues and I will be happy to respond to any questions you may have.

DEPARTMENT OF EDUCATION

Office of Elementary and Secondary Education

Biographical Sketch

NAME : Daniel F. Bonner

POSITION : Acting Assistant Secretary for Elementary and Secondary Education

BIRTHPLACE AND DATE : Bronx, New York, August 10, 1937

EDUCATION : Fordham University, B.A.
New York University, M.A.

EXPERIENCE

Present : Acting Assistant Secretary for Elementary and Secondary Education, Department of Education
1988 - 1989 : Acting Deputy Assistant Secretary for Elementary and Secondary Education
1988 : Acting Director, State and Local Educational Programs, Office of Elementary and Secondary Education
1983 - 1988 : Associate Director, Domestic Anti-Poverty Operations, ACTION Agency
1983 : Director, Volunteers in Service to America (VISTA), ACTION
1982 : Special Assistant, Office of Volunteer Liaison, ACTION Agency; Director, ACTION/White House Regional Conferences on Voluntarism
1981 : Associate, Ethics and Public Policy Center, Washington, D.C.
1981 : Associate, Law and Economic Center, Emory University, Atlanta, Ga.
1973 - 1980 : Philanthropic Activities Associate, Education and Health Programs, Chase Manhattan Bank, New York, N.Y.
1970 - 1973 : Management Development Programs, Chase Manhattan Bank, New York, N.Y.
1960 - 1969 : Classified Advertising Specialist, New York Times, New York, N.Y.
1959 - 1960 : Bookkeeper, Loans and Discounts, Irving Trust Co., New York, N.Y.
1957 - 1959 : Company Clerk, U.S. Army, France, USAREUR
1955 - 1957 : Bookkeeper, Loans and Discounts, Irving Trust Co., New York, N.Y.

PRESIDENT'S DISASTER RELIEF FUNDS

Mr. NATCHER. Mr. Bonner, how much of the $250,000,000 appropriated to the President last fall for disaster relief was transferred to the Impact Aid account for school repairs?

Can you give us that figure?

Mr. BONNER. I believe that number was $62.8 million.

Mr. HANSEN. That is correct.

Mr. NATCHER. Is this $62.8 million restricted to certain disasters under the law, or is it co-mingled with your other disaster assistance funds?

Mr. BONNER. The President must declare a disaster for there to be availability for these funds. The Department makes an evaluation based on a field review to determine exactly what the extent of damage to school property has been.

Mr. NATCHER. Where do you stand at this time in terms of getting these disaster funds out to school districts?

Mr. BONNER. I will ask Dr. Hansen to reply to that.

Mr. NATCHER. All right. Go ahead, Dr. Hansen.

Mr. HANSEN. We have presently made awards to the Virgin Islands and to Puerto Rico. We are in the process of receiving financial information from South Carolina and the State of California.

North Carolina was also involved in Hurricane Hugo. We have made actual payments to only two of the five States and territories involved in the major disasters that faced us in October.

We expect to begin making payments to California within the next four weeks, as soon as we have received additional information.

ADEQUATE STAFF TO HANDLE DISASTER CLAIMS

Mr. NATCHER. Is the Department properly staffed and otherwise prepared to handle the increases in activity which occurs when there are major disasters like the one we had last fall?

Mr. BONNER. As of now, the Department has discharged its responsibilities to go out in a timely way and to make the evaluations as necessary.

Mr. NATCHER. Are you able to tell the committee how much of these funds will go to each State?

Mr. BONNER. We have a list that can be supplied for the record, sir.

Mr. NATCHER. All right.

[The information follows:]

DISTRIBUTION OF DISASTER ASSISTANCE FUNDS

The following are current estimates of FY 1990 Disaster Assistance payments to States from carryover funds and the $62.8 million transferred to the Department from the President's disaster fund. These figures are based on the information currently available and, of course, do not include States that may become eligible for assistance later in the fiscal year.

State	*Amount*
California	$10,800,000
North Carolina	1,700,000
South Carolina	24,000,000
Puerto Rico	6,500,000
Virgin Islands	36,000,000

[1] Total estimated Federal payments after State and local contributions.

DISASTER ASSISTANCE CARRYOVER

Mr. NATCHER. In previous years, your office had disaster funds left over at the end of the year. What is the current balance in your regular disaster aid program at this time?

Mr. BONNER. If memory serves, I believe it's $12,000,000.

Mr. CORWIN. That is right. We began the year with $18.5 million in the account. At this point, there is $12.5 million left.

REPORT TO SENATE ON EFFECT OF BASE CLOSINGS

Mr. NATCHER. Last year's Senate report required you to prepare a formal report on the possible effect of the base closing law on Impact Aid funds. Will this document be submitted by March 1 of this year?

Mr. BONNER. Tom, do you——

Mr. CORWIN. Yes, we anticipate that it will. Somewhat similar to what we told you last year, we find that information from the Defense Department indicates that the base closings are moving along on a fairly slow pace.

At this point, they are telling us that one base is likely to be closed during fiscal year 1991, and there will be a couple other transfers that result in very minor shifts of children.

But we expect to get that report up to you this week.

EFFECT OF TROOP REDEPLOYMENT FROM EUROPE

Mr. NATCHER. Are there likely to be any similar special needs created as a result of the decision to bring a large number of troops back from Europe?

Mr. BONNER. We would have to review the impact of a major troop deployment, but when there is an increase in the number of federally connected children, the school district can claim the children in its impact aid application.

ELIMINATION OF ALL BUT LOW-RENT HOUSING "b's"

Mr. NATCHER. Now, if you will, explain to the committee your proposal to eliminate category "b" payments, except for public housing students, and Mr. Bonner, if you will, tell us why we have had this request in a similar nature now for 14, 15, or 16 years.

Mr. BONNER. Mr. Chairman, the submission that we make this year represents a departure from previous policies in that we are seeking $25,000,000 for children connected with low-rent housing.

The position is the same, however, when it comes to other Section 3(b) students for whom we feel the need is not as urgent as it is for the low-rent housing children.

Mr. NATCHER. Would elimination of these "b's" also reduce funding for certain "a" and 3(d)2(b) districts because they would drop below a certain enrollment minimum?

Would they also lose?

Mr. BONNER. I would let Dr. Hansen elaborate on this, but because of the formula, there is a possibility that other payments will be affected.

Mr. HANSEN. Yes, sir, we do anticipate that some districts would lose their eligibility for just that reason, both for Section "a" payments and 3(d)2(b) payments.

Mr. NATCHER. Well, when you get the transcript back, give us a full statement in the record, if you will, please.

Mr. HANSEN. Yes, sir.

[The information follows:]

EFFECTS OF PROPOSED "b" POLICY

Under the statute, both Section 3(a) and 3(b) children are counted for determining eligibility for all Section 3 payments. Since payments under Section 3(b) are proposed for 1991 only for children connected with federally subsidized, low-rent housing, the children counted for determining eligibility for the basic program and for Section 3(d)(2)(B) would be limited to 3(a) children and 3(b) children connected with low-rent housing. As a result, approximately 400 "a" districts would lose eligibility for Imapct Aid in 1991.

Of the four districts that were eligible for Section 3(d)(2)(B) in 1988 (the most recent year for which data are available), three would be ineligible under the FY 1991 budget proposal because they would not meet the threshold requirement that 50 percent of a district's children be federally connected.

SECTION 3(b) CHILDREN IN IMPACT AID STATUTE

Mr. NATCHER. How long has the Federal Government been making payments on behalf of students who qualify under Section 3(b)? How long has this been going on?

Mr. BONNER. A good question that we will have to—unless——

Mr. CORWIN. Category "(b)" has been in the law since it was enacted back in the early 1950s. I guess, as you know, the categories have expanded somewhat since that time.

The low-rent housing children were not in the statute in the beginning, especially——

Mr. NATCHER. Probably back about 1951.

Mr. BONNER. That is right.

Mr. NATCHER. How much would the typical district lose if your proposal for "b's" were approved?

Mr. HANSEN. We anticipate that the average Super "b" district would lose about $230,000, which translates into about $170 per child.

The average regular "a" district would lose about $26,000, or about $50 per student. These are based on straight line extrapolations from fiscal year 1990 appropriation levels.

ELIMINATION OF "b" PAYMENTS

Mr. NATCHER. Mr. Bonner, either you or Mr. Hansen tell us why you delete "b" children almost every year, and it's been going on for years and years and years. What is the reason? Why do you drop it out when you know the House is going to put part or all of it back?

What is your reasoning for deleting it? The same one that we have had down through the years, or have you added something to it, Mr. Bonner. What would you say?

Mr. BONNER. We certainly have not changed our policy, except as we mentioned earlier on with respect to the low-rent housing children. But we just feel that "b" children, whose parents work on or live on Federal property do not represent a significant burden on school districts.

Ms. **Christensen**. Mr. Chairman, I would just add a couple of points.

In 1981, the Administration proposed the elimination of payments for "b" children, and Congress went along with this to a great extent in the reconciliation and agreed to phase out payments for "b" children.

When the second or third year after that came along, Congress decided not to eliminate "b" children, but payments for "b" children have been very, very small since then, even though they have kept "b" children in the law.

In fact, the average payment on behalf of these children represents less than one-half of 1 percent of the total current expenditures to the average school district that gets payments for "b" children. All of this is part of the rationale for eliminating payments for "b" children.

And I would also make the point that both Democratic and Republican administrations over the past 20 years have proposed to eliminate "b" payments.

Mr. **Natcher**. Going back to your proposal as to "b's", are there a few districts who would lose large amounts?

Mr. **Hansen**. Yes, sir.

Mr. **Natcher**. What about that, Mr. Hansen?

Mr. **Hansen**. The school districts that heavily impacted with military "b's" and civilian "b's" would lose large amounts of money. But there are school districts—principally large urban school districts that have large numbers of low-rent housing students—who would fare rather well under this proposal.

Mr. **Natcher**. All right.

Mr. Conte, I yield to you.

HAWKINS-STAFFORD SIMPLIFICATION OF IMPACT AID

Mr. **Conte**. Thank you, Mr. Chairman.

Mr. Bonner, it's good to have you back again. In reviewing the budget request for the Impact Aid program with all the jargon about "b" amounts and "b" students, it reminds one of the saying: "Education is what you get from reading the small print. Experience is what you get for not reading it."

Thank you for joining us.

The Impact Aid program still seems to be overly complicated and cumbersome. In addition, the payments and student count regulations don't coincide with the natural ebb and flow of the resources of students in the schools.

Since Hawkins-Stafford's 1988 attempt to simplify the Impact Aid process, what new ideas have been suggested to make this process better? How aggressively will you seek ways to improve the program?

Mr. **Bonner**. On the first level, the formulas that have been worked out for payments of various categories of students have been greatly simplified.

Nevertheless, there are complications regarding the various categories of districts and the percentage of students that have to be reached in each category for districts to qualify.

Since Hawkins-Stafford, much has been improved. We are also trying internally to improve the payment system, the financial management system by which payments are made, to improve the computer system that stores information about districts and so forth and that allows us to get timely reports out.

Dr. Hansen has other things to add to that. Please do.

Mr. HANSEN. Yes, sir. When we met with you last year, we were bumping into some problems associated with the new payment formula. A subsequent set of amendments to that payment formula has made things a little easier on the recipients and on ourselves.

We are getting those payments out. There are still some problems that are being identified, and as time goes on, I am sure they will continue to be identified in anticipation of the 1993 reauthorization period.

Mr. CORWIN. There is still quite a lot of complexity in the program, with the "hold harmless" requirements and the payment waves and all the innumerable categories.

We have done some computer simulations to see what would happen if you simplified the program and, of course, some districts would win and some districts would lose, and you are never sure if it's fair to do one thing or another.

We will probably begin reauthorization planning about a year from now, and we will look at all different kinds of options for this program.

ADVERSE EFFECT OF HOLD HARMLESS PROVISIONS

Mr. CONTE. Mr. Bonner, last year I raised concerns about two unique Impact Aid cases in Massachusetts, specifically in confusion about the payments at the North Adams Schools for children in low-rent housing in a case up there in Cape Cod, where an increase in average daily attendance resulted in a reduction in aid.

This was an adverse effect from the hold harmless provision. There was a similar case in Texas.

Is everything okay with these cases now?

Mr. BONNER. Dr. Hansen.

Mr. HANSEN. With specific reference to the problem that was cited last year, yes. One of the technical amendments I described earlier removed the cap, which maintained payment levels at fiscal year 1987 levels for "a" districts, and we are now able to pay districts for all of their "a" children multiplied by their 1987 payment rate.

However, we are now finding in Killeen, Texas, where they have experienced a growth in their "b" children of some 1,200 children since 1987, that the cap still applies, and those children generated no payments.

Mr. CONTE. So there are some other cases out there now?

Mr. HANSEN. That is correct, sir.

EFFECT OF SEQUESTER ON IMPACT AID

Mr. **Conte**. How did sequestration affect the Impact Aid program last year?

Mr. **Corwin**. Mr. Conte, there was no effect because Impact Aid was one of those programs that hadn't received a big enough increase in the regular appropriation to be affected by the sequester order.

Mr. **Conte**. What if it had been fully funded? What would you have lost?

Mr. **Corwin**. I think that full funding is $800,000,000 and something. We would have to do the calculation and put it in the record.

Mr. **Conte**. All right. Put that in the record, and we may use that for a later debate.

[The information follows:]

EFFECT OF SEQUESTER ON FULL FUNDING

The authorized appropriation ceiling for FY 1990 for P.L. 81-874 (the maintenance and operations statute) was $785 million. For P.L. 81-815 (the construction statute), the FY 1990 ceiling was $26 million. If these amounts had been appropriated, the Impact Air Program would have been subject to the sequester. The post-sequester amounts would have been $774 million for P.L. 81-874 and $25.6 million for P.L. 81-815.

ECONOMIC STATUS OF MILITARY "B" CHILDREN

Mr. **Conte**. This is the first time in 10 years that you have acknowledged the "b" student in your budget request. The Department will only fund 3(b) students who reside in federally subsidized low-rent housing projects, because they are economically deprived. To what extent did the Department check to see if other "b" students such as military children living off base might also fit in that same economically deprived category?

For example, did you check to see how many "b" students qualify for a free or reduced lunch?

Mr. **Bonner**. Well, as a general matter to answer your question, Mr. Conte, military "b's" do not represent a significant burden on school districts. Military parents of "b's" who live off base pay taxes for housing and so forth, and are generally above the poverty line, while the families and children in low-rent housing are generally less well-off.

We think that across the board, this is true, although there may be exceptions.

Mr. **Corwin**. We have had a lot of conversations over the years with Defense Department people about the economic status of the military families, and haven't, in general, gotten a lot of good data from them to answer our questions.

I don't recall that we have specifically asked for data on the school lunch program. We can try and see if we can get anything from them.

Mr. **Conte**. You didn't make a study on that. It might be a good idea to study that.

COOPERATION WITH DOD ON BASE CLOSINGS

Recent events throughout the world have caused many people to speculate about the so-called peace dividend. In addition, a few military studies recommend that for efficiency reasons, many bases should be closed.

Section 3(e) provides funds for military base closings. To what extent are you working with the Defense Department to stay up with this, and what has the Department done to factor these things into the budget?

Mr. BONNER. We have been working with the Defense Department since base closings became an issue, and I would like Dr. Hansen to discuss in detail what these meetings have consisted of.

Mr. HANSEN. We have worked with the Defense Department. We have worked with individual school districts in an attempt to answer their questions and explain to them how the program works.

Our main concern is that in order to trigger 3(e), there has to be a rather significant departure of students from a school district.

So far for fiscal year 1991, we have only been able to identify one base that is going to have any kind of an effect at all, and it will be largely on a single school district.

So we still don't have the large number of students departing that we need in order to justify any appropriation for Section 3(e).

Mr. CONTE. If everything goes according to what the President has proposed and many bases are closed there are going to be some big savings.

Does this mean we're going to lose a lot of "a" students?

Mr. CORWIN. Yes, and then there will be other districts that are receiving students. So far we haven't gotten data on them, either.

INCREASE IN PAYMENTS FOR SOME STATES

Mr. CONTE. You recommended that Category "a" payments stay at the fiscal year 1990 level. However, in the fiscal year 1991, State by State break-out, some States such as Massachusetts, North and South Dakota, appear to get increases, while other States like Colorado, New York get decreases.

Can you tell us what is going on there?

Mr. BONNER. It's a——

Mr. CONTE. I like it. Go ahead.

Mr. BONNER. Mr. Conte, payments are triggered by the number of students eligible.

Mr. HANSEN. What happens is, on the assumption that "b" payments are greatly reduced except for the low-rent housing category, some districts fall out of eligibility.

We drop those districts out of the program, redistribute the remaining funds, and you get various increases and decreases as you see in the State-by-State table.

So in those districts that have principally "b" students, the loss of which would make them ineligible, they are out of the program; and the "a" funds associated with those students would then be redistributed, as you see in the table.

This is all based on estimates and forecast planning, so there is a certain margin of error in there. But we think the trend line is essentially correct.

3(d)(2)(B) REASONABLE TAX REPORT

Mr. CONTE. Put this for the record. The Hawkins-Stafford amendment alters the way that 3(d)(2)(B) districts may demonstrate a reasonable tax effort. How are things going with this change, and have more districts qualified?

[The information follows:]

TAX EFFORT REQUIREMENT FOR SECTION 3(d)(2)(B) APPLICANTS

The Hawkins-Stafford Amendments inserted a specific tax effort requirement in the statute that applicants for funds under Section 3(d)(2)(B) must meet. Previously, the statute simply said that applicants must make a "reasonable tax effort." The Department had interpreted this to mean that they must be making a tax effort at least equal to the average of comparable districts in their States. The Hawkins-Stafford Amendments initially provided that applicants must have a tax effort of at least 80 percent of their comparables' average. This was subsequently changed to 95 percent by P.L. 101-26, which made technical changes to some Hawkins-Stafford provisions.

This change in the statute was effective with fiscal year 1989. Applications under Section 3(d)(2)(B) for fiscal year 1989 funds are now being processed as final revenue and expenditure data are submitted by the applicants. We will not know what precise effect the change in the statute has had on the number and size of awards until this processing is completed.

SECTION 2 FULL ENTITLEMENT

Mr. CONTE. You propose to keep Section 2 payments at their fiscal year 1990 level, or about 62 percent of the entitlement. My understanding is that the last time the districts received their full entitlement was in fiscal year 1987.

How do you explain this? Doesn't this create budget planning problems with many districts?

[The information follows:]

REQUEST FOR SECTION 2

Under the Impact Aid program, the Department gives the highest priority to Section 3(a) payments, because the families of 3(a) children generally contribute little to a district's tax base for school expenditures. A request for level funding for Section 2 should not create budget planning problems for most districts eligible for these funds. For the most part, Section 2 payments represent a small portion of the districts' budgets.

DISASTER ASSISTANCE CLAIMS

Mr. CONTE. You are requesting $15,000,000 for disaster assistance. No funds were appropriated last year because there was a large carryover.

How do the funds you are requesting fit together with the $18.5 million in carryover funds currently on hand, and the Impact Aid portion, the $62,800,000 of funds appropriated to the President for special disaster assistance, and how much of the $62,800,000 do you expect to spend?

Have surveys been done of the effect of the hurricane on Impact Aid eligible schools? Put that for the record.

Mr. HANSEN. Yes, sir.

[The information follows:]

BASIS FOR DISASTER ASSISTANCE REQUEST

Of the $18.5 million in carryover funds available for disaster assistance at the beginning of FY 1990, $12.5 million has been obligated. The remaining $6 million and the $62.8 million the Department has been allocated from the appropriation to the President for unanticipated disaster needs will be used to cover claims for damage caused by Hurricane Hugo in the Virgin Islands, Puerto Rico, South Carolina, and North Carolina; the Loma Prieta earthquake in California; and other disasters in late 1989 and 1990. Additionally, there are remaining costs associated with the 1987 California earthquake. Based on our current estimates of the Federal share of damage costs, we expect to spend all of the funds available in FY 1990. Therefore, we are requesting an appropriation of new budget authority for FY 1991.

INCREASE FOR CONSTRUCTION PROGRAM

Mr. CONTE. The Department has requested $27 million for construction, that is a $12 million increase. Why this sudden increase in activities, and please submit for the record a list of the construction projects.

Thank you, Mr. Chairman

[The information follows:]

REQUEST FOR CONSTRUCTION FUNDS

The FY 1990 appropriation for construction activities is $14,998,000, $9.7 million less than the fiscal year 1989 appropriation of $24.7 million. the FY 1990 appropriation included no funds for Sections 5 and 14(c), which provide grants to school districts that do not have adequate facilities for the children they are serving. For fiscal year 1991, the Department is requesting construction funding at the authorized level of $27 million, which will provide for the restoration of funds for Sections 5 and 14(c) and moderate increases for repair and renovation of school facilities that serve children residing on Federal property (Section 10) and for grants to districts that serve children residing on Indian lands (Sections 14(a) and 14(b). The current priority lists for Sections 5 and 14 follow-

Fiscal Year 1990

U.S. DEPARTMENT OF EDUCATION
Office of Elementary and Secondary Education
Impact Aid Programs - Program Operations Division
School Facilities Branch
Washington, D.C. 20202-6244

ORDER OF PRIORITY INDICES AND ESTIMATED FUNDS NEEDED
Public Law 81-815 - Sections 14(a) and (14(b)
(Children residing on Indian Lands)

Application Number	Applicant	Priority Tent.	Priority Firm	Applicant's Initial Request
WI-90-C-407	Lac Du Flambeau S.D. #1	185.4		$ 3,885,000
AK-89-C-3901	Kashunamit S.D.	141.4*		1,500,000
AZ-88-C-3802	Cedar Unif. S.D. #25	125.2		13,500,000
AZ-88-C-1105	Pinon Unif. S.D. #14	98.0		26,716,000
AZ-88-C-1102	San Carlos Unif. S.D.#20		74.6	15,835,000
AZ-83-C-404	Chinle Unif. S.D.	62.0		12,000,000
AZ-71-C-805	Union E.S.D. #62		61.6	117,000
SD-90-C-504	Dupree S.D. #64.2		61.6	1,400,000
NM-76-C-4	Espanola Municipal S.D. San Juan Waiver Area	59.6		882,000
MS-90-C-3901	Neshoba County S.D.	59.2**		4,431,000
MT-79-C-13	Lame Deer Elem. S.D.#6	59.0		10,430,000
NM-85-C-2901	Zuni Public S.D.		58.4	2,400,000
ND-88-C-401	St. John S.D. #3	57.9		4.000,000
OK-75-C-5002	Oaks Mission S.D.	55.7		200,000
SD-74-C-3001	West River I.S.D. #18		55.6	400,000
WY-88-C-701	Fremont County S.D. #38	54.5		1,000,000
NM-77-C-406	Grants Mun. S.D. #3 (W)	52.4		2.832,000
MT-76-C-3001	St. Ignatius E.S.D. #28		52.1	1,139,000
MT-75-C-410	Hardin E.S.D. #17-H		51.4	1,680,000
MN-75-C-403	Nett Lake I.S.D. #707	49.5		1,426.000

Application Number	Applicant	Priority Tent.	Priority Firm	Applicant's Initial Request
CA-71-C-530	San Pasqual Valley U.S.D.		(0.6)	$ 200,000
NV-69-C-404	Humboldt Co. S.D.		(0.1)	231,000

NOTE: Numbers in parentheses are sub-priorities

* Applicant also tentatively eligible and listed by sections 5 and/or 14(c) priorities.

** Applicant also tentatively eligible and listed by Section 5 priority.

Applications filed for 6/30/89 C.O.D. but not prioritized

AK-89-C-1401	Fairbanks No. Star Boro S.D.
AZ-89-C-3001	Ganado U.S.D. #20
AR-89-C-3902	Paron S.D. #2 and Waiver
CA-90-C-37	Coronado U.S.D.
CA-90-C-58	San Diego U.S.D.
CA-90-C-706	Reservation S.D. and Waiver
CA-90-C-3001	Silver Valley U.S.D.
IL-90-C-3901	Community Unit S.D. #200, Wheaton
MD-90-C-7	St. Mary's County Sch. Bd.
NV-90-C-603	Clark County S.D. and Waiver
NM-89-C-512	Jemez Springs Municipal School
TN-89-C-202	Clarksville-Montgomery County
TN-90-C-3601	Unicoi County Bd. of Ed.
TX-89-C-3901	Evant I.S.D.
TX-90-C-3902	Apple Springs I.S.D.
VA-90-C-1	Virginia Beach Sch. Bd.
VA-90-C-501	Newport News Public School and Waiver

FY 1990 Sec. 14(a)/(b) - Page 3

Application Number	Applicant	Priority Tent.	Priority Firm	Applicant's Initial Request
OK-76-C-911	Checotah I.S.D. #19	16.2		$ 300,000
MI-75-C-5001	Bark River-Harris S.D.	15.9		250,000
IA-69-C-1701	South Tama County C.S.D.		13.8	219,000
CA-84-C-618	Round Valley U.S.D.	13.3		1,371,000
AZ-77-C-901	Laveen S.D.		12.2	2,000,000
NM-75-C-9	Pojoaque Valley I.S.D.	12.1		634,000
CA-71-C-619	Bishop Union S.D.		12.0	102,000
OK-76-C-5001	Norman Public S.D. #I-29	11.1		260,000
AZ-72-C-414	Tuba City E.S.D.		10.8	1,638,000
NM-75-C-602	Taos Municipal S.D. #1	9.8		1,038,000
OK-85-C-601	Little Axe S.D.		9.0**	1,000,000
NM-77-C-402	Gallup-McKinley Co.(Waiver)	8.0		1,660,000
OK-88-C-601	Little Axe I.S.D.	6.8		3,000,000
CA-82-C-516	Alpine Union S.D.	6.6		1,667,000
OK-76-C-6003	Broken Bow S.D.	2.7		420,000
AK-78-C-6001	North Slope Borough (3 waivers)	(100.0)		3,516,000
AK-90-C-3902	Yukon Flats S.D.	(94.4)		3,750,000
NV-68-C-701	Elko County S.D.		(43.7)	107,000
NM-75-C-513	Cuba I.S.D.	(28.8)		1,000,000
SD-76-C-701	McLaughlin I.S.D. #21	(25.8)		223,000
AZ-77-C-604	Gila Bend U.S.D.	(14.5)		750,000
MT-73-C-3002	St. Ignatius H.S.D. #28		(13.8)	592,000
MI-73-C-2001	Watersmeet Twp. S.D.	(13.6)		122,000
AK-76-C-1601	Yakutat City S.D.		(7.7)	1,250,000
ID-83-C-5	Blackfoot S.D. #55		(4.2)	2,377,000
WA-70-C-56	Marysville S.D.		(2.8)	286,000

FY 1990 Sec. 14(a)/(b) - Page 2

Application Number	Applicant	Priority Tent.	Priority Firm	Applicant's Initial Request
AZ-73-C-14	Northern Yuma Co. U.H.S.D.		45.9	415,000
SD-71-C-502	East Charles Mix S.D. #102		45.8	1,000,000
AZ-84-C-3401	Clarkdale-Jerome S.D. #3	45.2		164,000
OK-88-C-3801	Earlsboro I.S.D. #5	44.4		200,000
OK-76-C-437	Salina S.D.	42.9		350,000
ND-90-C-503	New Town S.D. #1	42.5		1,000,000
MN-84-C-3401	Mahnomen I.S.D. #25		38.1	1,500,000
OK-73-C-3001	Pleasant Grove I.S.D. #5		37.4	109,000
WA-88-C-25	Cape Flattery S.D. #401	37.3		1,700,000
UT-76-C-401	Uintah S.D.	37.0		916,000
NM-79-C-401	Kirtland I.S.D. #22	35.7		10,000,000
CA-80-C-9001	South Fork Union S.D.	34.6		650,000
WI-89-C-409	Menominee Indian S.D.	32.5		4,122,000
ID-77-C-1202	Western Benewah S.D. #42	29.8		90,000
MT-81-C-7	Ronan S.D. #30	29.2		1,585,000
NM-77-C-407	Bernalillo Bd. of Ed.	27.1		1,480,000
MN-90-C-401	Red Lake I.S.D. #38	26.8		7,075,000
NM-75-C-412	Bloomfield Municipal S.D.	26.2		872,000
SD-76-C-6001	Lyman Co. S.D. #12		22.6	950,000
NM-76-C-603	Los Lunas Cons. S.D.	22.2		475,000
KS-78-C-1802	Mayetta U.S.D. #3	22.0		3,711,000
ND-88-C-3801	Devils Lake Public S.D. #1	22.0		1,500,000
WA-88-C-44	Wapato S.D. #207	20.6		3,100,000
OK-76-C-1103	Pocola S.D.	19.7		365,000
MN-75-C-5001	Waubun I.S.D. #435	18.1		30,000
MN-87-C-12	Cass Lake I.S.D. #115	17.6		2,000,000
WA-77-C-32	Granger S.D. #204	17.0		412,000

Fiscal Year 1990

U.S. DEPARTMENT OF EDUCATION
Office of Elementary and Secondary Education
Impact Aid Programs - Program Operations Division
School Facilities Branch
Washington, D.C. 20202-6244

ORDER OF PRIORITY INDICES AND ESTIMATED FUNDS NEEDED
Public Law 81-815 - Sections 5 and (14(c)

Application Number	Applicant	Priority Sec.5	14(c)	Amount 1/
AK-89-C-3901	Kashunamit S.D.***		82.8T	$1,500,000
AR-89-C-3901	Waldron Pub. S.D. #45		75.7T	2,300,000
NY-90-C-3601	Indian River Cent. S.D.	62.7T		1,600,000
MT-89-C-3901	West Glacier E.S.D. #8	62.1T		88,000
AK-89-C-3901	Kashunamit S.D.	61.2T**		504,000
AR-88-C-3801	Witts Springs S.D. #1	55.4T		600,000
MS-90-C-3901	Neshoba County S.D.	47.2T*		2,597,000
MO-90-C-401	Knob Noster R-VIII S.D.	31.2T		660,000
GA-88-C-15	Liberty Co. Bd. of Ed.	24.0T		2,347,000
OK-85-C-601	Little Axe S.D.	16.8T		140,000
VA-87-C-1	Va. Beach Sch. Bd. (W)	13.8T		3,976,000
MS-70-C-202	Long Beach Mun. S.D.	13.6T		153,000
VA-87-C-3601	Gloucester Co. Pub. Sch.	13.6T		796,000
CA-85-C-406	Morongo Unified S.D.	12.2T		1,262,000
ND-88-C-3801	Devils Lake Pub. S.D.	10.4T*		428,000
IL-69-C-1604	Lincoln-Way H.S.D.	9.9		53,000
MD-70-C-3	Anne Arundel Co. Bd.Ed.	9.8		3,689,000
FL-69-C-3	Bay Co. Bd. of Ed.	9.6		549,000
UT-83-C-3301	Wayne County S.D.	9.5T**		113,000

NOTE: "T" denotes Tentative processing only.
1/ Initial Estimate or Applicant's request.

FY 1990 Secs. 5 and 14(c) - Page 2

Application Number	Applicant	Priority Sec. 5	Priority Sec. 14(c)	Initial Estimate or Applicant's Request
NC-88-C-1	New Bern-Craven Co. Bd. of Ed.	9.4 T		$ 336,000
VA-73-C-7	City of Hampton S.D.	8.8 T		1,633,000
WI-71-C-1001	Bayfield Jt. S.D. #1	8.8 T		54,000
CA-70-C-623	Ocean View S.D.	8.6		120,000
CA-72-C-608	Poway Unified S.D.	8.5		627,000
NE-79-C-801	Papillion S.D. #27	8.0 T		378,000
AL-69-C-11	Enterprise City Bd. of Ed.	7.8		127,000
CA-70-C-608	Poway Unified S.D.	7.8		234,000
NV-83-C-603	Clark County S.D. (Waiver)	7.6 T		353,000
AK-72-C-401	Alaska State Operated Schools	7.5 T		2,024,000
IL-71-C-12	Freeburg Comm. Cons. S.D. #70	7.4 T		41,000
IL-69-C-1601	Bradley-Bourbonnais Comm. H.S.D.	7.4		57,000
IL-69-C-1701	Romeoville E.S.D. #96	7.4		143,000
TX-69-C-1504	Medina Valley I.S.D.	7.4		32,000
CA-71-C-246	San Francisco U.S.D (Waiver)	7.0		85,000
MO-68-C-1601	Ft. Zumwalt S.D., O'Fallon	7.0		76,000
TX-68-C-61	Del Valle I.S.D.	6.8		53,000
CA-72-C-815	Lemoore U.H.S.D.	6.6		44,000
PA-70-C-603	Pocono Mt. S.D., Swiftwater	6.6		52,000
VA-78-C-13	Stafford Co. Schools	6.5T		535,000
CA-69-C-203	Oceanside-Carlsbad U.S.D.	5.6		145,000
MO-69-C-805	Raymore-Peculiar S.D. R-II	5.6		18,000
CO-69-C-12	Harrison S.D. #2	5.0		305,000
AL-70-C-11	Enterprise City Bd. of Ed.	4.5		137,000
MI-69-C-416	Rudyard Twp. S.D. #11	4.4		116,000
MD-69-C-7	St. Mary's County Bd. of Ed.	4.2		287,000

Application number	Applicant	Priority Sec. 5	Priority Sec. 14(c)	Initial Estimate or Applicant's Request
FL-69-C-7	Okaloosa Bd. of Pub. Instr.	4.0		$ 163,000
VA-88-C-3601	Gloucester Co. School Bd.	4.0 T		270,000
KS-68-C-1602	Erie Cons. Unif. s.D. #101	3.9		20,000
NV-72-C-601	Churchill County S.D.	3.4		89,000
CA-70-C-203	Oceanside-Carlsbad U.H.S.D.	3.4		73,000
OK-72-C-13	Moore I.S.D.	3.2		121,000
OK-69-C-13	Moore I.S.D.	3.0		71,000
CA-69-C-246	San Francisco U.S.D. (Waiver)	2.8		35,000
VA-89-C-1	Virginia Beach School Board	2.4		1,987,000
SD-88-C-205	Douglas S.D.	2.2 T		57,354
VA-89-C-501	Newport News Pub. Schls (Waiver)	1.9		215,000
ID-69-C-1201	I.S.D. No. 1, Lewiston	1.8		38,000
UT-83-C-3301	Wayne County S.D.		1.8 T**	468,000
TX-71-C-61	Del Valle I.S.D.	1.4		39,000
CA-71-C-203	Oceanside-Carlsbad U.H.S.D.	1.0		54,000
CA-82-C-3001	Silver Valley Unif. S.D.	(26.1) T		1,102,000
AZ-74-C-502	Palominas Comm. S.D. #49	(16.0)		41,000
LA-71-C-901	Bossier Parish Sch. Bd.	(15.1) T		375,000
IL-75-C-201	Community H.S.D. #123	(14.6) T		775,000
CO-70-C-1801	Summit S.D. RE-1, Frisco	(13.0)		60,000
CA-68-C-707	Center Jt. S.D., North Highland	(12.5)		61,000
CA-71-C-1502	Washington Union S.D.	(11.9)		55,000
IL-69-C-1707	Okawville E.S.D. #46	(11.6)		20,000
OK-67-C-1507	South Rock Creek D.S.D. #32	(11.3)		13,000
AK-69-C-1	Kodiak Island Borough S.D.	(10.9)		482,000

Application Number	Applicant	Priority Sec. 5	Priority Sec. 14(c)	Initial Estimate or Applicant's Request
TX-69-C-64	Northside I.S.D., San Antonio	(10.4)		$ 492,000
CA-83-C-34	Oceanside Unif. S.D.		(8.8) T	4,946,000
IL-68-C-1603	Joliet Township H.S.D. #204	(8.1)		18,000
AZ-71-C-506	Litchfield S.D. #79	(8.0)		56,000
MD-69-C-8	Prince George's Co. Bd. of Ed.	(7.3)		1,468,000
VA-71-C-13	Stafford County Schools	(7.3)		364,000
CA-79-C-11	Monterey Peninsula U.S.D.	(6.8) T		2,085,000
IL-68-C-1602	Homer Comm. Cons. S.D. #33-C	(6.8)		16,000
OH-68-C-508	Pickerington I.S.D.	(6.3)		9,000
IL-69-C-1708	Bourbonnais E.S.D.#53	(6.2)		58,000
CT-70-C-406	Town of Ledyard S.D.	(6.1)		134,000
CA-68-C-1602	Arena U.E.S.D., Point Arena	(5.8)		35,000
MI-84-C-3301	Big Bay-DeNoc		(5.0) T	200,000
VA-67-C-3	Fairfax County Sch. Bd.	(4.9)		3,000,000
MD-67-C-8	Prince George's Co. Bd. of Ed.	(4.7)		4,402,000
NY-67-C-1501	Brookhaven U.F.S.D. #3	(4.7)		130,000
WA-67-C-1202	Waitsburg Jt. S.D. #401-10	(4.7)		15,000
OH-69-C-1701	North Olmstead City Schools	(4.5)		23,000
MO-67-C-1502	S.D. of Marshall	(4.4)		56,000
WI-60-C-1802	Ashland Unif. S.D. #1	(4.4)		140,000
TX-67-C-80	Burleson I.S.D.	(4.3)		50,000
CT-67-C-604	Town of Monroe S.D.	(4.0)		87,000
MD-70-C-7	St. Mary's Co. Bd. of Ed.	(4.0)		382,000
KS-67-C-803	Shawnee Mission U.S.D. #512	(3.8)		69,000

Application Number	Applicant	Priority Sec. 5	Priority Sec. 14(c)	Initial Estimate or Applicant's Request
NJ-67-C-1201	Evesham Township Bd. of Ed.	(3.8)		$ 67,000
RI-70-C-401	Newport School Department	(3.6)		287,000
NM-69-C-402	Gallup-McKinley Co. Bd. of Ed.	(3.5)		409,000
MN-70-C-12	Cass Lake I.S.D. #115	(3.4)		55,000
AK-67-C-1402	Greater Juneau Boro. S.D.	(3.3)		118,000
WA-68-C-4	Clover Park S.D. #400	(3.3)		785,000
KY-67-C-4	Hardin County Bd. of Ed.	(3.2)		135,000
LA-71-C-1	Bossier Parish School Bd.	(2.9) T		404,000
MD-69-C-1	Harford County Bd. of Ed.	(2.3)		546,000
MD-67-C-1	Harford County Bd. of Ed.	(2.2)		413,000
CA-85-C-34	Oceanside Unified S.D.	(1.8) T		356,000
IL-70-C-201	N. Chicago Comm. H.S.D. #123	(1.7)		16,000
CA-67-C-1304	Manteca U.S.D.	(1.0)		206,000
MI-72-C-2001	Watersmeet Township S.D.	(.9)		4,000

* Applicant also tentatively eligible and listed by Section 14(a)/(b) priority.

** Applicant also tentatively eligible and listed by Sections 14(a)/(b) and 14(c) priorities.

*** Applicant also tentatively eligible and listed by Sections 5 and 14(a)/(b).

NOTE: Numbers in parentheses are sub-priority indices.

IMPACT AID COMPUTER PAYMENT SYSTEM

Mr. **Natcher**. Mr. Early, I yield to you.

Mr. **Early**. Thank you, Mr. Chairman.

Dr. Bonner, has the Education Department reviewed and evaluated the final recommendations of the Impact Aid study?

Mr. **Bonner**. Have we reviewed it?

Mr. **Early**. Yes, and evaluated it?

Mr. **Bonner**. We have reviewed it, yes.

Mr. **Hansen**. The Department requested the study of the computerized payment system to identify changes and improvements that need to be made.

We have subsequently let a contract to implement some of the recommendations from the study. We let that contract in January. The contractor who will design the new system is reviewing those recommendations and moving forward with an overall design plan, which we should be reviewing within the next few months.

Mr. **Early**. What were the key recommendations, Mr. Hansen?

Mr. **Hansen**. The key recommendations were, to a large extent, what we already knew, that the system was designed principally——

Mr. **Early**. So we didn't have to do the study?

Mr. **Hansen**. I say "knew" from an operating standpoint, but didn't know how to get around the constraints and the problems. We were able to come up with some suggestions on how we could do that and what the new system could do for us.

Mr. **Corwin**. We had a computer system in Impact Aid that had been put together about two decades ago and then patched and added to until it had become almost useless. We really had to get some computer system analysts to come in and tell us how to enter the modern age in computers so we could get the payments out.

Mr. **Early**. We don't really need the study to tell us that, do we?

Mr. **Corwin**. We thought we did.

Mr. **Bonner**. Mr. Early, the one component of the study was to determine how to simplify matters. It is one thing for us to know precisely what the complexities were, because we dealt with those every day, but we really had a prime objective of simplifying——

Mr. **Early**. We had such an outdated system, you know. We knew we had to make changes. And the Department is going to agree with most of the recommendations?

Mr. **Corwin**. Yes.

Mr. **Hansen**. We agree with the findings of the study and we are moving forward to implement them.

Mr. **Early**. How long do you think it will take?

Mr. **Hansen**. We suspect it will be a couple of years before we actually use the system in its full array. It depends to a large extent on the plan that is being developed by the contractor and the components of that plan which we should have within the next four weeks or so.

Mr. **Early**. Do you have adequate money to implement this system?

Mr. **Hansen**. Yes, sir, we do and we have commitments for the out-years.

COST TO IMPLEMENT COMPUTER CHANGES

Mr. EARLY. What would the cost be to the department to implement the necessary changes?

Ms. CHRISTENSEN. Mr. Early, the amount in our budget for 1990 is $398,000. For 1991, we have $483,000. So to fully implement it in 1991, we are requesting an increase of $85,000.

Mr. EARLY. Mr. Corwin, how do we get all these computer people, with only $85,000?

Ms. CHRISTENSEN. That is the increase. We have a total of $483,000 in the budget for that year. I would like to clarify, Mr. Early, what we were calling a study is not what you think of usually in terms of a study.

We knew the inadequacies of the system; we weren't able to pull out the data and do different kinds of analyses for Congress or anybody else trying to make decisions on the program. We knew that.

The study was really to look at the technicalities in the ADP, to see how we could simplify the process to get the information we need.

Mr. EARLY. So, it really wasn't a study?

Ms. CHRISTENSEN. Not in the typical way that you think of a study.

Mr. EARLY. Do we know how much money we will need to implement the changes in 1991?

Mr. HANSEN. In 1991, we have $483,000 in our ADP budget plan.

Mr. EARLY. That is only an $85,000 increase. But the department is convinced that this increase is adequate to do what needs to be done. I am a firm believer that if we don't computerize, we are not improving anything, other than just stopping.

Ms. CHRISTENSEN. This is in our salaries and expenditures budget.

CONSTRUCTION APPLICATIONS

Mr. EARLY. Okay. How many applications were received for the 1989 construction funds?

Mr. HANSEN. We have on hand applications that total somewhere in the neighborhood of $247,000,000. We get additional applications every year, but they are added to the ones that we already have on hand.

Mr. EARLY. $247,000,000; do you know, for the record, how many applications that is?

Mr. HANSEN. One hundred and something. We are going to submit that full list.

Mr. EARLY. Will you also submit for the record what they are for—for this year?

Mr. HANSEN. Yes, sir.

[The information follows:]

FY 1989 CONSTRUCTION APPLICATIONS

In FY 1989, the Department received applications for FY 1990 funds from 117 LEAs for $65 million under Sections 5 and 14(c) and from 75 LEAs for $182 million under Sections 14(a) and 14(b). An additional 17 applications have not yet been processed because the Department has not received information requested from the school districts that submitted these applications. The priority lists for Sections 5 and 14 for fiscal year 1990 were provided above.

LOW-RENT HOUSING CHILDREN ELIGIBLE FOR CHAPTER 1

Mr. **Early**. For category B children, you requested $25,000,000. These funds are to be used for the districts who have children connected with federally subsidized low-rent housing.

What percentage of these children are covered by Chapter 1 programs?

Mr. **Corwin**. Well, depending on their educational deprivation, we would imagine a good percentage are. We aren't going to have the data on what percent of them are actually served by Chapter 1.

As you know, 45 to 62 percent of children who are thought of as eligible for Chapter 1 are actually served.

Mr. **Early**. But are the other category B students more or less of a tax liability on the local school district than the children who are represented under this budget?

Mr. **Corwin**. We feel that they are less of a burden to the school districts.

Mr. **Early**. You really do?

Mr. **Corwin**. Yes, because——

Mr. **Early**. For the record, would you expand on why you think they are less of a burden? Because I don't have that impression.

Mr. **Corwin**. Okay.

[The information follows:]

EXPLANATION OF "b" PROPOSAL

The Department is requesting funds under Section 3(b) only on behalf of children who reside in certain federally subsidized, low-rent housing because these children live under conditions that contribute to problems in school, including unstable family units, drugs, crime, poor self-image, low family income, low levels of parental education, and lack of emphasis on the value of education. Such problems increase the costs of providing educational services to these children. Additionally, the parents of children living in public housing generally have incomes near or below the poverty level and generate little revenue for local school districts.

Other "b" children, including military "b" children whose parents live in the community, do not represent a significant burden to their districts. Their parents contribute to State and local tax bases from which educational expenses are funded at almost the same rate as parents of non-Federal children. They pay property taxes, sales taxes, and frequently income taxes. Also, the economic benefits from military installations generally accrue to the community at a much higher rate than school expenditures increase because of the presence of military dependents.

REQUEST FOR DISASTER ASSISTANCE

Mr. **Early**. Now, under the $15,000,000 for disaster assistance, I have heard your remarks to Mr. Natcher and Mr. Conte. We spoke about Hurricane Hugo, but do these funds include San Francisco?

Mr. **Bonner**. Yes.

Mr. **Corwin**. There have also been some smaller disasters that we are having to pick up, such as Hurricane Jerry in Kentucky.

Mr. **Early**. Never mind Kentucky.

Mr. **Corwin**. There was a monsoon recently in Samoa. We have various other ones.

Mr. **Early**. Did Georgia get hurt?

Mr. **Hansen**. No.

Mr. **Corwin**. But anyway, the big costs that we are looking at for this fiscal year are Hurricane Hugo and the California earthquake.

Mr. **Early**. And they are certainly going to well exceed the $15,000,000; aren't they?

Mr. Corwin. Yes.

Ms. Christensen. We have $62,800,000 in addition to $6 million in carryover available in disaster funds. I just wanted to make clear that it wasn't just the $15,000,000.

Mr. Early. Why would funds still be available? Didn't South Carolina and North Carolina get their request in quickly enough, or——

Mr. Hansen. In the case of South Carolina, we anticipate that many of the school districts will have adequate insurance money. We have been told that insurance, local insurance will cover most of these costs, so we are waiting until we see what the insurance proceeds are.

North Carolina claims are a very small amount of money and we will be getting those funds out.

DAMAGE COVERED BY INSURANCE

Mr. Early. I don't say it facetiously, but I really do hope we take advantage of the insurance companies paying what they should pay. If anyone has any money, it is the insurance companies.

Mr. Corwin. That is how the program is run. We come in after the insurance company makes its payments, and then in most cases, there is also a cost sharing on the part of the local educational agencies.

Mr. Early. Are we satisfied that we have enough auditors to make sure that the insurance companies are giving us a fair shake as far as covering what they are supposed to cover?

Mr. Hansen. Before we close out a project, we send a person out who does an on-site review of matching receipts against anticipated costs and specific items to be repaired, and when they are satisfied, we close out the project.

Mr. Early. Are we sure that the insurance companies cover what they are supposed to cover without them saying that that doesn't come under our jurisdiction?

Mr. Hansen. It varies with the insurance companies. Some have specific pieces——

Mr. Early. They are all bad, some are just worse than others.

Mr. Hansen. We don't make our payments until we are reasonably satisfied that full insurance payments have been made.

Mr. Early. Are you satisfied that we've got enough of a check on that one?

Mr. Hansen. Yes. We have a copy of the policy and we follow it closely.

Ms. Christensen. It is not just insurance companies. It is also what is available at the State and local levels for those same kinds of purposes, and after all those sources of revenue are taken into account, then what is left over is what we pay.

We also send out architectural engineers that we use under contract from the Department of HHS and the Corps of Engineers to look constructively at those facilities to be sure that the estimates are correct, in addition to——

Mr. Early. Maybe that is the type of cooperation we need, especially with the San Francisco earthquake. I would expect that there has to be a lot of confirmation.

Ms. **Christensen**. Under Chuck Hansen, the director of the program, there is a lot of double checking.

Mr. **Early**. That is great.

Thank you, Mr. Chairman.

TRANSFERRING CONSTRUCTION FUNDS TO SECTION 3

Mr. **Natcher**. Last year, Mr. Bonner, as you know, a proposal was made and accepted at our conference to transfer funds from construction to maintenance payments. I expect that proposal will be made again.

What is your view as to a policy like this, Mr. Bonner, either you or Mr. Hansen, either of you.

Mr. **Bonner**. Chuck, please.

Mr. **Natcher**. Go ahead, Mr. Hansen.

Mr. **Hansen**. We agree that Maintenance and Operations, particularly for section 3(a), is the highest priority of the program.

On the other hand, the transfer of funds away from the school construction program adversely affected some of the very same districts, that is districts which have high concentrations of military dependents and inadequate schools for them.

So it is a Hobson's choice, I guess that is the proper term. I don't know where the correct decision lies. We have requested the full authorized level for the construction program of $27,000,000 so that we can make some progress on these school construction needs.

DOLE REPORT ACTIVITIES

Mr. **Natcher**. What can you tell us about the recent studies, including the Dole report, through which you attempted to determine the need for Federal construction assistance to impact aid schools?

Mr. **Bonner**. So far, as a result of the Dole Report, the Department has made an award of $5.24 million to be dispersed over a three-year period to the Geary County Schools which has agreed to accept ownership of the schools on Ft. Riley.

AMOUNT REQUIRED TO FUND CONSTRUCTION PROJECTS

Mr. **Natcher**. How much money would be required to pay for projects which are currently approved, but have not been funded?

Mr. **Hansen**. Under the construction program?

Mr. **Natcher**. Yes.

Mr. **Hansen**. In the neighborhood of $247,000,000.

PRIORITIES FOR CONSTRUCTION FUNDS

Mr. **Natcher**. The budget document proposes to specify the suballocations for construction in bill language.

We understand the issue here is not a statutory problem, but rather an issue of regulations. Why can't this be handled in the report?

Mr. **Hansen**. The regulations are a reflection of congressional intent. The Impact Aid construction statute specifies that funds available for section 10 be given a priority at least equal to that given by payments under sections 14(a) and (b), which is principally for school construction on Indian lands.

Our regulations further specify that priority be given to Section 14 (a) and (b) and Section 10.

Mr. **Corwin**. My understanding is that the underlying statute provides that projects under sections 10 and 14 (a) and (b), which are basically the military projects and the Indian projects, be fully funded before we put anything into sections 5 and 14(c).

That was what we were left with last year when we didn't have the special appropriations language, so the projects for the inadequately housed children could not be funded in 1990.

MODEL FOR IMPLEMENTATION OF DOLE REPORT

Mr. **Natcher**. According to the justifications, you selected Fort Riley, Kansas, as a model for implementation of the Dole report. How much will be allocated to Fort Riley, and how was this project selected?

Mr. **Bonner**. $5,200,000 will be allocated to Fort Riley in payments over several years, and it was selected because we felt that the opportunity was at hand to help out a particularly needy school district.

Mr. **Hansen**. And they were very willing and eager to accept ownership, transfer of titles to the schools; that was a compelling factor.

UPGRADING COMPUTERIZED PAYMENT SYSTEM

Mr. **Natcher**. What is the status of your effort to upgrade or replace the computerized payment system used to process Impact Aid funds?

Mr. **Hansen**. We have a contract that we let in late January, which will result in major modifications to the system.

Mr. **Natcher**. What will this computer upgrade cost, and how much of this cost is expected to be funded in 1990 and in 1991?

Mr. **Hansen**. For fiscal year 1990 we have reserved $348,000 for this specific purpose. That will increase in fiscal year 1991 to $483,000.

SHAM COTERMINOUS DISRICTS

Mr. **Natcher**. Last year this committee was told that some districts were manipulating their boundaries, artificially to increase their Impact Aid payment. This applies to districts classified as coterminous.

Has this practice been restricted?

Mr. **Bonner**. There have been efforts to establish coterminous districts to receive increased payments from the Impact Aid program.

Mr. **Corwin**. In S–695, which is the President's initiative bill that has passed in the Senate, there is language that would prohibit making payments to districts whose boundaries have been manipulated solely to capture Impact Aid payments rather than for educational purposes.

Mr. **Natcher**. Mr. Conte?

Mr. **Conte**. I have no further questions.

Mr. **Natcher**. Thank you very much, gentlemen and ladies. It has been a good hearing.

We take up next Bilingual and Immigrant Education.

[The following Impact Aid questions were submitted to be answered for the record:]

3 "b" PAYMENTS -- FISCAL YEARS 1989-91

Mr. Natcher: Insert in the record at this point a State table showing category "b" payment estimates for fiscal years 1989, 1990, and 1991.

Mr. Bonner: The table below shows "b" payments for 1989 compared to estimated "b" payments under the 1990 appropriation and the 1991 request.

Comparison of Estimated "b" Payments

	1989 Appropriation	1990 Appropriation	1991 Request
Appropriation	$135,345,000	$123,500,000	$25,000,000
Alabama	4,382,541	4,360,895	897,321
Alaska	1,230,482	925,271	117,502
Arizona	1,188,518	1,058,818	14,358
Arkansas	388,929	187,454	51,464
California	8,034,013	8,356,627	1,204,865
Colorado	2,843,719	2,284,405	75,247
Connecticut	1,927,710	1,623,670	1,152,905
Delaware	93,131	52,464	15,146
District of Columbia	814,643	2,446,761	882,737
Florida	5,498,912	4,679,828	381,690
Georgia	4,575,208	4,542,672	699,008
Hawaii	905,626	1,195,573	83,182
Idaho	1,186,060	1,102,290	16,110
Illinois	2,587,852	1,818,914	764,781
Indiana	623,034	307,557	80,743
Iowa	98,524	44,103	0
Kansas	1,188,692	1,043,553	22,555
Kentucky	1,471,665	1,151,412	190,719
Louisiana	3,141,673	2,803,684	2,464,446
Maine	361,609	273,164	28,666
Maryland	3,690,594	2,174,872	205,309
Massachusetts	1,095,900	5,173,373	4,522,532
Michigan	587,944	361,634	107,247
Minnesota	350,991	251,550	147,908
Mississippi	1,055,848	889,081	238,404
Missouri	1,055,843	723,328	37,375
Montana	427,981	300,001	5,383
Nebraska	1,322,403	1,213,367	54,672
Nevada	934,407	623,828	56,514
New Hampshire	102,135	43,467	10,280

	1989 Appropriation	1990 Appropriation	1991 Request
New Jersey	$1,376,982	$876,743	$574,205
New Mexico	1,819,586	1,432,989	46,311
New York	9,669,806	5,175,223	3,083,916
North Carolina	5,539,144	5,674,971	867,190
North Dakota	289,254	211,856	1,327
Ohio	2,446,254	1,777,849	358,503
Oklahoma	3,006,862	2,942,266	62,955
Oregon	481,707	328,860	17,304
Pennsylvania	3,232,599	2,131,418	1,183,769
Rhode Island	409,903	419,765	105,855
South Carolina	2,998,208	2,286,435	106,788
South Dakota	205,866	166,545	396
Tennessee	3,234,415	2,624,896	378,367
Texas	7,781,964	5,920,898	562,142
Utah	4,322,485	4,145,722	12,696
Vermont	18,954	8,229	3,894
Virginia	18,057,930	17,579,413	1,544,562
Washington	5,103,399	4,896,236	143,714
West Virginia	93,755	52,865	12,284
Wisconsin	379,083	266,673	54,077
Wyoming	1,119,584	915,149	1,037
Puerto Rico	1,550,288	826,675	574,419
Virgin Islands	767,223	823,705	775,221
U.S. Total	127,071,836 1/	113,500,000 2/	25,000,000

1/ $8,284,164 undistributed.

2/ $10,000,000 is set aside for Section 3(d)(2)(B) payments.

CAP ON 3(d)(2)(b) PAYMENTS

Mr. Natcher: Last year, Congress capped payments for the 3(d)(2)(B) districts at $20 million. Will this be sufficient to meet the requirements for these heavily impacted districts in 1990 and 1991 assuming the basic "b" program is retained?

Mr. Bonner: Our current estimate for Section 3(d)(2)(B) payments for fiscal year 1989 is approximately $15.5 million. Based on this estimate, we expect payments to remain within the $20 million limitation in both fiscal years 1990 and 1991.

EFFECT OF LIMITING "b" PAYMENTS TO LOW-RENT HOUSING CHILDREN

Mr. Dwyer: This year, the Administration proposes to limit payments under Section 3(b) to children connected with federally subsidized, low-rent housing. Are any school districts, which currently receive Impact Aid for Section 3(b) students, expected to lose funding entirely?

Mr. Bonner: Under our budget proposal, the child count for determining eligibility would be limited to 3(a) children and 3(b) children connected with federally subsidized, low-rent housing. Approximately 400 "a" districts and 1,700 "b" districts would lose eligibility under this proposal.

Mr. Dwyer: The Administration also proposes to eliminate 3(b) children who do not reside on or have parents who are employed on property described in section 403(1)(C) of the statute from all section 3 eligibility and payment calculations. How many 3(b) children are expected to lose eligibility if this language change is approved?

Mr. Bonner: Approximately 990,000 "b" children would lose eligibility for Impact Aid payments under the budget proposal.

EFFECT OF LOW-RENT HOUSING PROPOSAL ON HANDICAPPED CHILDREN

Mr. Dwyer: How many handicapped children are currently served by the Impact Aid program?

Mr. Bonner: Approximately 47,000 handicapped children are served by the Impact Aid program.

Mr. Dwyer: How many of these children are in danger of losing their eligibility under Impact Aid if the Administration's language changes are approved?

Mr. Bonner: Approximately 19,000 "b" children who qualified for supplemental payments for special education in fiscal year 1990 would lose their eligibility under our proposal.

COMPUTER PAYMENT SYSTEM

Mr. Dwyer: As the result of a study conducted by the Department of Education in 1988, Impact Aid's computerized payment system was not sufficiently automated, integrated, nor "user friendly." The study recommended the total replacement of the computer system. What specifically has the Department done to implement the report's recommendations?

Mr. Bonner: In December 1989, a contract was awarded to Pinkerton Computer Consultants, Inc., to develop a new computer system for the Impact Aid program. Currently, Pinkerton is devising a management plan that will outline the direction and specific time-lines for the project. The contractor will then develop and present to the Department alternatives for implementing changes to the existing system.

The Department plans to upgrade or replace all parts of the existing system, as well as add new functions, over three years. Funds were made available for the first year to redesign the "front end" of the system, changing the data entry functions of the system from the use of key-punched paper forms to on-line data entry. The redesign of the data entry functions is expected to reduce significantly the time required to generate an award once complete data for an application are available to the Department. In the following years, we will refine or replace both the central processing functions and the system output.

Mr. Dwyer: When is the Department expected to complete the improvement program called for in the report?

Mr. Bonner: This project is expected to be completed in fiscal year 1993.

AUTHORIZED LEVEL FOR "a" PAYMENTS

Mr. Porter: Section 3(a) of Public Law 81-874 provides payments for children who live on and whose parents work on Federal property or are in the uniformed services. Section 3(b) provides payments for any child who lives on Federal property, or whose parents work on Federal property or are in the uniformed services.

I have never understood why the Department every year shirks its responsibility with regard to "a" students by requesting inadequate funding for "a" payments. I understand why you want to cut payments for "b" students. I don't agree with it. But I understand it. Why aren't you requesting the full authorized level for "a" students?

Mr. Bonner: The Department is not requesting the full authorized level for "a" children because of the need to curtail expenditures in order to reduce the Federal deficit. We have chosen to request increases for programs that reflect the Administration's highest priorities in education: those that target resources on the disadvantaged and handicapped, and those that promote educational excellence and reform.

REQUEST TO OMB FOR IMPACT AID

Mr. Porter: How much did the Department request of OMB for Impact Aid?

Mr. Bonner: The Department's request to OMB for Impact Aid for fiscal year 1991 was $759,249,000. The initial request was presented on September 1, prior to when the Department knew the amount of the final appropriation for 1990 and was based on a predicted 1990 appropriation of $739,260,000. In October, after Congress had passed a 1990 appropriations bill, the Department submitted a revised request of $764,640,000. In addition, pursuant to instructions to OMB, the Department submitted alternative request levels that would have provided: (1) level funding and (2) a 5 percent reduction.

SECTION 3(e) PAYMENTS

Mr. Porter: Based on your best current information, do you expect to request appropriations for Section 3(e) transition payments in future years?

Mr. Bonner: Without more detailed information on when personnel will be transferred, when bases will close, and when the units will be transferred, the Department cannot determine whether an appropriation for Section 3(e) will be warranted in future years.

SECTION 3 PAYMENT PROCESS

Mr. Porter: Last year I asked you about delays in Impact Aid payments, specifically with regard to the North Chicago and Highwood/Highland Park school systems in my district. What actions have you taken to eliminate delays in Impact Aid payments?

Mr. Bonner: The Department has taken a number of actions to reduce delays in payments. Payments are now being made by electronic transfer to school districts' banks. This saves time over previous payment procedures that required issuing checks through the Treasury Department. Also, the Department has begun a three-year project to upgrade or replace all parts of the existing computer payment system. The new system will significantly reduce the time required to generate payments.

Mr. Porter: How quickly are payments now issued?

Mr. Bonner: The great majority of Section 3 payments are distributed during the year of appropriation, and many districts receive their final Section 3 payments during that year. Payments are generally made in several steps during the fiscal year. Districts may request preliminary payments, which are usually processed by December each year. The next payment is based on data contained in applications, which are due by January 31. These payments are usually processed starting in March and for many districts are their final payments. Additional payments for some districts may be made in the summer. Payments under some parts of the program, such as section 2 and Section 3(d)(2)(B), require revenue and expenditure data from applicants and thus are not usually made until the following year.

ESTIMATED "a" PAYMENTS UNDER ALTERNATIVE BUDGETS

Mr. Porter: How much would super "a", sub-super "a," and regular "a" school districts receive per pupil under the Administration's budget request, assuming an $18 million outlay for Section 3(d)(2)(B)? Include FY 88, FY 89 and FY 90 data for comparison.

Mr. Bonner: The table below shows estimated per pupil payments for the three categories of districts under the fiscal year 1991 budget request, assuming an $18,000,000 set-aside for section 3(d)(2)(B), compared to the per-pupil payments for fiscal years 1988-1990.

Per Pupil "a" Payments by District Category

	1988 Actual Payments	1989 Actual Payments	1990 Appropriation 1/	1991 Request 1/
Super "a"	$2,265	$2,125	$2,300	$2,290
Subsuper "a"	1,370	1,230	1,385	1,370
Regular "a"	645	870	935	920

1/ $18,000,000 set aside for Section 3(d)(2)(B)

Mr. Porter: Using the same format, how much would the school districts receive, assuming a $50 million outlay for Section 3(d)(2)(B) in FY 1991?

Mr. Bonner: Assuming a $50 million set-aside for Section 3(d)(2)(B) under the fiscal year 1991 budget request, the estimated per pupil payments would be:

Super "a"	$2,170
Subsuper "a"	1,295
Regular "a"	870

Mr. Porter: How much would they receive assuming $18 million for Section 3(d)(2)(B) and level funding for "a" and "b" students.

Mr. Bonner: Under a level funding proposal for "a" and "b" payments for fiscal year 1991 and an $18 million set-aside for Section 3(d)(2)(B), the estimated per pupil payments would be:

Super "a"	$2,300
Subsuper "a"	1,385
Regular "a"	935

Mr. Porter: How much would they receive if this subcommittee appropriated the full authorized level for Impact Aid?

Mr. Bonner: Under an appropriation at the full authorized level of $835,000,000 for fiscal year 1991, with $25,000,000 reserved for Section 2 and $15,000,000 for disaster assistance, and a $20 million set-aside for Section 3(d)(2)(B), the estimated per pupil payments would be:

Super "a"	$2,590
Subsuper "a"	1,540
Regular "a"	960

WORK WITH DOD ON BASE CLOSINGS

Mr. Porter: What is the status of your effort to coordinate with the Department of Defense on military base closures?

Mr. Bonner: The Department is working closely with the Department of Defense to coordinate activities related to the base closure process. Staff of the two departments are in frequent contact to keep each other informed of the latest developments in this area.

Mr. Porter: Last year I asked about the impact of base closures on the Impact Aid program. The Department responded that it was waiting for detailed schedules from DoD. Please submit the most current schedules you have for military base closures.

Mr. Bonner: The most recent schedule of base closures and realignments is shown on the following page.

BASE CLOSURES & REALIGNMENTS
(Planning Dates as of 10/89 -- Subject to Change)

Closures

State		Closure Date	Property Disposal
Alabama AAP	AL	n/a	1994
Coosa River Storage Depot	AL	Jul 90	Oct 91
Navaho Depot	AZ	Jan 94	n/a
George AFB	CA	Oct 92	n/a
Hamilton Army Air Field	CA	Sep 93	Sep 93
Mather AFB	CA	Jul 93	n/a
Norton AFB	CA	Apr 94	n/a
Presidio of San Francisco	CA	Mar 94	May 94
Bennett NG Facility	CO	n/a	Sep 93
Pueblo Depot	CO	Jul 95	1996+
Cape St. George	FL	n/a	Sep 93
Naval Reserve Ctr, Coconut Grove	FL	1993	1993
Kapalama Military Reservation	HI	Apr 94	Sep 94
Fort Des Moines*	IA	FY 93	FY 95
Chanute AFB	IL	Jul 94	n/a
Fort Sheridan	IL	Sep 93	Jan 94
Indiana AAP*	IN	n/a	Sep 95
Jefferson Proving Ground	IN	FY 94	n/a
Lexington Depot	KY	Apr 94	Aug 95
New Orleans Military Ocean Terminal	LA	Jan 92	FY 94
Army Material Technology Lab	MA	June 95	n/a
Fort Holabird*	MD	May 94	May 94
Fort Meade*	MD	Dec 94	Jan 95
Nike Aberdeen	MD	n/a	Sep 95
USA Reserve Center Gaithersburg	MD	n/a	Sep 94
Pontiac Storage Facility	MI	Sep 91	1993
Nike Kansas City	MO	n/a	Sep 94
Pease AFB	NH	Jan 91	n/a
Fort Wingate	NM	Dec 91	Oct 92
Naval Station Brooklyn	NY		1993
Umatilla Depot	OR	Jan 91	n/a
Tacony Warehouse	PA	Jan 93	Jun 93
Fort Douglas	UT	Jun 94	Jan 94
Cameron Station	VA	Jul 95	Nov 94
Naval Station Puget Sound (Seattle)*	WA	1993	1994

* Partial Closure

Major Buildups

		Increase Date
Mountain Home AFB	ID	Oct 91
Cannon AFB	NM	Apr 91

IMPACT OF BASE CLOSURES

Mr. Porter: Do you expect any base closures to affect Impact Aid in FY 91?

Mr. Bonner: Based on information the Department has received from the Department of Defense, the effects of military base closing on the Impact Aid program in fiscal year 1991 will be minimal. According to a preliminary schedule from DoD, only one base involving the transfer of children--Pease Air Force Base in Portsmouth, New Hampshire--is currently scheduled to close during fiscal year 1991.

Mr. Porter: What do your preliminary reviews show regarding how much the base closures will affect the overall Impact Aid budget in the coming years?

Mr. Bonner: No estimates of the effects on school districts for fiscal year 1992 and beyond are available at this time. The military departments are continuing to refine schedules for closures and realignments. Implementation of those schedules will depend upon the appropriation available to the Department of Defense for base closure activities each year and other related activities, such as completion of environmental impact studies. The Department will continue to work closely with DoD during the base closure process.

SECTION 3(e) AUTHORITY

Mr. Porter: Section 3(e) of P.L. 81-874, as amended, authorizes transition assistance to schools that experience a substantial decrease in federally connected students, and could help to ease the burden on communities affected by military base closures. I understand that we have not funded Section 3(e) primarily because base closure schedules were not available, and because closing are not expected in fiscal year 1990.

However, it is essential that school districts affected by base closures have this funding during transition. One school in my district could lose over 50 percent of its students. Teachers will have to be laid off, and budgets will have to be cut back. This is an extremely serious situation. What do your preliminary estimates show regarding the future need for Section 3(e) payments?

Mr. Bonner: At this time the Department has no estimates on the need for Section 3(e) payments for fiscal years beyond 1991. When we receive more detailed information from the Department of Defense on base closure schedules we will be able to estimate the effect on the Impact Aid program and to determine if there is a need for Section 3(e) funding.

PAYMENT PROCESSING

Mr. Porter: Who handles Impact Aid payments -- the Department or an outside contractor? If the latter, please provide information on the contract.

Mr. Bonner: Impact Aid payments are handled by several parties, including Departmental employees and contractors. Contractors are retained to operate computer equipment, to program software, to analyze the existing system and to make recommendations regarding proposed changes. Decisions regarding the system are the responsibility of Departmental employees.

The payment system is housed on a computer owned by Boeing Computer Services, Inc., a company with which the Department contracts for operation of various Departmental systems. This contract is managed by the Department's Office of Information Resources Management (OIRM). Boeing employees maintain the programs and files that comprise the Impact Aid system. They also perform routine, day-to-day operational procedures at the request of program staff. Examples of work performed by Boeing are key-punching computer input forms that have been submitted by the program staff and running the computer programs for batches of payments at the request of Impact Aid staff.

A second contractor, Pinkerton Computer Consultants, Inc., is utilized for programming and analysis of the system. This contract also is managed by OIRM. Pinkerton employees make programming changes and additions to the system as specified by Impact Aid and OIRM staff. For example, Pinkerton staff changed the system in response to the Hawkins-Stafford Amendments. This law made changes to the payment formula, which required significant changes to the system. Program staff identified the changes to be made to the system, and Pinkerton was given the task of designing and programming these changes and presenting the changes to program and OIRM staff for approval prior to implementation. Pinkerton has also been retained for the redesign of the payment system.

STUDY OF COMPUTER PAYMENT SYSTEM

Mr. Porter: In March, 1989, the Department completed a study of the Impact Aid payment system. Aside from changes to the computer system what recommendations did the report make to improve the payment system?

Mr. Bonner: The report only addressed the computer system. It recommended the complete replacement of the current system. Implementation of the recommended changes should greatly improve the overall payment system.

Mr. Porter: Have these recommendations been implemented? If not, why not?

Mr. Bonner: It is a large and expensive project to replace the entire computer payment system. The Department is planning to complete this over a three-year period.

Mr. Porter: Describe the changes you intend to make to the Impact Aid computer payment system. Please expand on your description in the budget justification.

Mr. Bonner: Under this project, we will upgrade or replace all parts of the existing system, as well as add new functions. Funds were made available for the first year to redesign the "front end" of the system, changing the data entry functions of the system from the use of key-punched paper forms to on-line data entry. In the following years, we will redevelop both the central processing functions and the system output. The redesign of the data entry functions is expected to reduce significantly the time required to generate an award once complete data for an applicant are available to the Department.

Mr. Porter: What is your timetable for completing these changes?

Mr. Bonner: In December 1989, a contract was awarded to Pinkerton Computer Consultants, Inc., to work on this project. Currently, Pinkerton is devising a management plan that will outline the direction of the project, specific time-lines for the first year of the project, and general time-lines for the second and third years of the project. The contractor will then develop and present to the Department alternatives for implementing changes to the existing system. After the Department decides on the changes to be implemented, the contractor will design and implement the first-year changes. Second and third years activities are dependent on continued funding.

WAVE 1 PAYMENT

Mr. Porter: What appropriation would you require to fully fund Wave 1 payments?

Mr. Bonner: An appropriation of approximately $732.1 million would be required to fully fund Wave 1 payments for fiscal year 1991.

WAVE 2 PAYMENTS

Mr. Porter: In order for super "a" or heavily impacted districts to receive 100 percent of the authorized 3(a) Impact

Aid entitlement, the Department must complete a full Wave 2 payment cycle. What appropriation would guarantee a full Wave 2 payment?

Mr. Bonner: The Department estimates that an additional $242.4 million would be needed to make payments through Wave 2 in fiscal year 1991.

JUSTIFICATION OF THE BUDGET ESTIMATES

DEPARTMENT OF EDUCATION

Impact Aid

Fiscal Year 1991 Budget Request .... Page No.

Appropriation language.. B-1

Explanation of language changes................................ B-2

Language analysis.. B-3

Amounts available for obligation............................... B-5

Budget authority by activity................................... B-5

Budget authority by object..................................... B-6

Summary of changes... B-7

Authorizing legislation.. B-8

Table of estimates and appropriations.......................... B-9

Significant items in congressional appropriations reports...... B-10

Justification:

- Account summary... B-11
- Activities:
  1. Maintenance and operations.............................. B-13
  2. Disaster assistance..................................... B-20
  3. Construction.. B-23
- State table.. B-27

IMPACT AID

For carrying out title I of the Act of September 30, 1950, as amended (20 U.S.C. ch. 13), [$717,354,000] $633,854,000, of which $15,000,000, to remain available until expended, shall be for payments under section 7 of said Act, $578,500,000 shall be for payments under section 3(a), [$123,500,000] $25,000,000 shall be for payments under section 3(b) on behalf of children who reside on or whose parents are employed on property described in section 403(1)(C) of said Act,[1/] and $15,354,000 shall be for payments under section 2 of said Act: Provided, That only children described in section 3(a), and section 3(b) children who reside on or whose parents are employed on property described in section 403(1)(C), shall be counted for determining eligibility and payments under any and all provisions of section 3 of said Act:[2/] Provided further, That payment under section 5(b)(2) of said Act to any local educational agency described in section 3(d)(1)(A) of said Act shall not exceed 75 percent of that agency's payment under sections 2 and 3(a) and under section 3(b) on behalf of children who reside on or whose parents are employed on property described in section 403(1)(C), for the prior fiscal year: Provided further, That payment under section 5(b)(2) to any other local educational agency shall not exceed 50 percent of that agency's payment, under sections 2 and 3(a) and under section 3(b) on behalf of children who reside on or whose parents are employed on property described in section 403(1)(C), for the prior fiscal year.[3/]

For carrying out the Act of September 23, 1950, as amended (20 U.S.C. ch. 19), [$14,998,000] $27,000,000, which shall remain available until expended, shall be for construction and renovation of school facilities as authorized by said Act, of which $10,000,000 shall be for awards under section 10 of said Act, $10,000,000 shall be for awards under sections 14(a) and 14(b) of said Act, and $7,000,000 shall be for awards under sections 5 and 14(c) of said Act.[4/] (Department of Education Appropriations Act, 1990.)

Explanation of Language Changes

1/ This language is added because Section 3(b) funds are requested for payments only on behalf of children connected with federally subsidized, low-rent housing.

2/ Since payments under Section 3(b) are proposed for 1991 only for children who reside on or whose parents are employed on property described in section 403(1)(C) of the program statute, the child count for purposes of any and all provisions of Section 3 eligibility would be limited to 3(a) children and these specific "b" children.

3/ The statute provides for preliminary payments under Section 5(b)(2) at a rate of 75 percent of the previous year's Section 3 payment for districts with at least 20 percent 3(a) children and 50 percent of the previous year's Sections 2 and 3 payments for all other districts. Because the Department proposes to provide payments only for Section 3(b) children who reside on or whose parents are employed on property described in Section 403(1)(C) in 1991, this language is added to eliminate, from the base used to calculate 1991 preliminary payments, payments received under Section 3(b) in 1990 for other "b" children in 1990.

4/ This language is added to specify a distribution of funds among the sections of P.L. 81-815 that differs from that in the program statute.

Impact Aid

Language Analysis

Language Provision	Explanation
$15,000,000, to remain available until expended, shall be for payments under section 7 of said Act,...	The general provisions of the annual appropriation law routinely prohibit the availability of funds beyond the fiscal year of appropriation. This language overrides that prohibition to permit Disaster Assistance funds, which generally support construction-related activities, to remain available until expended.
$25,000,000 shall be for payments under section 3(b) on behalf of children who reside on or whose parents are employed on property described in section 403(1)(C) of said Act,...	The basic law authorizes payments for all Section 3(b) children. This language would limit payments under Section 3(b) to children connected with federally subsidized, low-rent housing.
Provided, That only children described in section 3(a), and section 3(b) children who reside on or whose parents are employed on property described in section 403(1)(C), shall be counted for determining eligibility and payments under any and all provisions of section 3 of said Act:	Both Section 3(a) and 3(b) children are counted for determining eligibility for all Section 3 payments under the current statute. This language eliminates 3(b) children who do not reside on or have parents who are employed on property described in section 403(1)(C) of the statute from all Section 3 eligibility and payment calculations.

Impact Aid

Language Analysis -- Continued

Language Provision	Explanation
Provided further, That payment under section 5(b)(2) of said Act to any local educational agency described in section 3(d)(1)(A) of said Act shall not exceed 75 percent of that agency's payment under sections 2 and 3(a) and under section 3(b) on behalf of children who reside on or whose parents are employed on property described in section 403(1)(C), for the prior fiscal year: Provided further, That payment under section 5(b)(2) to any other local educational agency shall not exceed 50 percent of that agency's payment, under sections 2 and 3(a) and under section 3(b) on behalf of children who reside on or whose parents are employed on property described in section 403(1)(C), for the prior fiscal year.	The preliminary payment provisions in Section 5(b)(2), as revised by the Hawkins-Stafford Amendments, provide for preliminary payments at a rate of 75 percent of the previous year's Section 2 and 3 payments for districts with at least 20 percent 3(a) children and 50 percent of the previous year's Section 2 and 3 payments for all other districts. Because the Department proposes to provide payments in 1991 only for Section 3(b) children who reside on or whose parents are employed on property described in Section 403(1)(C), payments received for other children under Section 3(b) in 1990 are eliminated from the base used to calculate 1991 preliminary payments.
For carrying out the Act of September 23, 1950, as amended (20 U.S.C. ch.19), [$14,998,000] $27,000,000 which shall remain available until expended, shall be for construction and renovation of school facilities as authorized by said Act, of which $10,000,000 shall be for awards under section 10 of said Act, $10,000,000 shall be for awards under sections 14(a) and 14(b) of said Act, and $7,000,000 shall be for awards under sections 5 and 14(c) of said Act.	This language provides that funds appropriated for construction activities remain available beyond the fiscal year of appropriation and specifies a distribution of funds among the sections of P.L. 81-815 that differs from that in the program statute.

Impact Aid

Amounts Available for Obligation

	1989	1990	1991
Appropriation: Annual..........................	$733,096,000	$732,352,000	$660,854,000
Recovery of prior year obligations...................	3,020,000	---	---
Unobligated balance, start of year...........................	36,932,000	41,280,000	---
Unobligated balance, end of year...........................	-41,280,000	---	---
Total obligations.....	731,768,000	773,632,000	660,854,000

Budget Authority by Activity

	1989 Appropriation	1990 Appropriation	1991 Request
1. Maintenance and operations:			
(a) Payments for "a" children.............	$558,220,000	$578,500,000	$578,500,000
(b) Payments for "b" children.............	135,356,000	123,500,000	25,000,000
(c) Payments for Federal property.............	14,820,000	15,354,000	15,354,000
Subtotal........	708,396,000	717,354,000	618,854,000
2. Disaster assistance.......	---	---	15,000,000
3. Construction..............	24,700,000	14,998,000	27,000,000
Total...........	733,096,000	732,352,000	660,854,000

Impact Aid

Budget Authority by Object

	1989 Appropriation	1990 Appropriation	1991 Request
Land and structures.........	$24,700,000	$14,998,000	$42,000,000
Grants, subsidies, and contributions.............	708,396,000	717,354,000	618,854,000
Total................	733,096,000	732,352,000	660,854,000

Impact Aid

Summary of Changes

1990 Appropriation	$732,352,000
1991 Request	660,854,000
Net change	-71,498,000

	1990 base	Change from base
Increases:		
Program:		
1. Disaster assistance--appropriation requested because there are not expected to be carryover funds available for 1991	---	+$15,000,000
2. Construction -- increase in funds for construction activities	$14,998,000	+12,002,000
Subtotal		+27,002,000
Decrease:		
Program:		
1. Maintenance and operations--funds are requested only for those Section 3(b) children connected with Federally subsidized, low-rent housing	123,500,0000	-98,500,000
Subtotal		-98,500,000
Net change		-71,498,000

Impact Aid

Authorizing Legislation

Activity	1990 Authorized	1990 Appropriation	1991 Authorized	1991 Request
Maintenance and operations:	1/		2/	
Payments for "a" children (P.L. 81-874--3(a))..	$785,000,000	$578,500,000	$835,000,000	$578,500,000
Payments for "b" children (P.L. 81-874--3(b))..	1/	123,500,000	2/	25,000,000
Payments for Federal property (P.L. 81-874--2).	1/	15,354,000	2/	15,354,000
Disaster assistance (P.L. 81-874--7).............	1/	---	2/	15,000,000
Construction (P.L. 81-815)........................	26,000,000	14,998,000	27,000,000	27,000,000
Total definite authorization.................	811,000,000		862,000,000	
Total appropriation.........................		732,352,000		660,854,000

1/ A total of $785,000,000 is authorized for all P.L. 81-874 activities for fiscal year 1990.

2/ A total of $835,000,000 is authorized for all P.L. 81-874 activities for fiscal year 1991.

Impact Aid

Table of Estimates and Appropriations

	Budget Estimate to Congress	House Allowance	Senate Allowance	Appropriation 1/
1982	$326,000,000	$475,000,000	$455,000,000	$456,200,000
1983	286,880,000	475,000,000	475,000,000	540,200,000
1984	455,000,000	2/	585,000,000	600,300,000
1985	506,630,000	2/	695,000,000	695,000,000
1986	543,000,000	695,000,000	630,500,000	692,500,000
1986 Sequester	-29,778,000			-29,778,000
1986 Suppl.	---	20,000,000	20,000,000	20,000,000
1987	548,000,000	700,000,000	650,000,000	717,500,000
1987 Proposed Resc.	-17,500,000			
1988	548,000,000	757,500,000	701,000,000	708,476,000
1989	592,000,000	740,000,000	739,036,000	733,096,000
1990	629,260,000	739,260,000	731,854,000	732,352,000
1991	660,854,000			

1/ Reflects enacted supplementals, rescissions, and reappropriations in amounts appropriated prior to fiscal year 1985.

2/ The House deferred action on funding for this program because an amendment to the authorizing statute was pending at the time.

NOTE.--This table excludes funds for Section 6, which authorizes payments for children for whom local agencies are unable to provide education, for which appropriations have been made to the Department of Defense since fiscal year 1982.

Impact Aid

Significant Items in Congressional Appropriations Reports

Item	Action taken or to be taken
1990 House Report	
Maintenance and Operations -- Designation of Coterminous Districts	
The Committee directs the Secretary to take appropriate action to prevent school district boundaries from being drawn to be coterminous with military installations solely to maximize Impact Aid payments and not for any educational reason.	S.695, which passed the Senate Labor and Human Resources Committee on July 20, 1989, would make such districts ineligible to receive payments under P.L. 81-874. If this provision is enacted, the Department will determine whether it is sufficient to resolve the problem of school district boundary manipulation or whether additional measures are needed.
1990 Senate Report	
Effect of Base Closures under P.L. 100-526	
"The Committee directs the Secretary, in conjunction with the Secretary of Defense, to submit, no later than March 1, 1990, a detailed report on the potential impact of the Base Closure and Realignment Act (P.L. 100-526) on Impact Aid payments."	The Department is working closely with the Department of Defense to assess the impact of the base closures on the Impact Aid program and intends to comply with this directive.

Impact Aid

Account Summary

	1989 Appropriation	1990 Appropriation	1991 Request
1. Maintenance and operations:			
a. Payments for "a" children	$558,220,000	$578,500,000	$578,500,000
b. Payments for "b" children	135,356,000	123,500,000	25,000,000
c. Payments for Federal property.................	14,820,000	15,354,000	15,354,000
Subtotal...........	708,396,000	717,354,000	618,854,000
2. Disaster assistance.........	---	---	15,000,000
3. Construction................	24,700,000	14,998,000	27,000,000
Total.................	733,096,000	732,352,000	660,854,000

To compensate school districts for the cost of educating children when enrollments and the availability of revenues from local sources have been adversely affected by Federal activities, Public Laws 81-874 and 81-815, as amended, provide funds for current operating expenses and construction assistance. Payments under Section 3 of Public Law 81-874 constitute the major part of this program. These payments are made to school districts for the cost of educating children who reside on and/or whose parents work on Federal property or are in the uniformed services, as well as children who reside on certain Indian lands or in federally subsidized, low-rent housing. These same districts may be eligible for construction assistance because of their federally connected children.

To assist school districts that have suffered damage to their facilities from disasters, major disaster assistance also is authorized under both laws.

When both laws were enacted in 1950, a Federal policy was established for assisting school districts that are financially burdened as a result of existing, new, or expanded Federal activities. The primary focus of the program at that time was to respond to the impact of increased populations in centers of defense production and near military installations. Since that time, the provisions of the program statute have been expanded to include additional compensation to districts for all children residing on certain Indian lands and some handicapped children (those who reside on Indian lands or who have a parent in the uniformed services), to include in

Impact Aid

Account Summary — Continued

the definition of Federal property certain low-rent housing properties as well as tax-exempt properties owned by foreign governments, and to make districts with certain refugee children eligible for payment.

Subsequent amendments to the basic Impact Aid statutes have made changes in the authorizing legislation: the Department of Defense was authorized to make funds appropriated to it available for Section 6 activities (funding for educational services for children residing on Federal property when local school districts are unable to provide such services); entitlements for Section 3(b) were reduced and, in fact, were originally scheduled for elimination; and specific authorization ceilings were set. Since 1983, a few amendments, generally of a technical nature and affecting a limited number of districts, have been enacted almost every year. The Augustus F. Hawkins-Robert T. Stafford Education Amendments of 1988 reauthorized both P.L. 81-874 and P.L. 81-815 through 1993.

Under the budget proposal, payments would be made on behalf of 3(a) children and only those 3(b) children who reside on or whose parents are employed on property described in Section 403(1)(C) of the statute. Funds are requested for low-rent housing "b" children because they live under conditions that contribute to learning problems in school, which in turn increase the costs of providing them educational services, and because the parents of children living in public housing, who generally have incomes near or below the poverty level, generate little tax revenue for local school districts. Payments will be made at a higher rate to districts where these 3(a) and 3(b) children account for higher proportions of the total average daily attendance.

New budget authority is requested for disaster assistance for 1991. In addition, Construction funds are requested for full or partial support of school facilities construction for districts that: 1) have experienced significant increases in federally connected children; 2) are unable to provide facilities for federally connected children; or 3) serve large numbers of Indian children or contain large areas of Indian lands.

Impact Aid

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1. **Maintenance and operations**
   (Public Law 81-874, as amended, Sections 2 and 3)

1991 Authorization: $835,000,000 1/

Budget Authority:

1990 Appropriation	1991 Request	Increase or Decrease
$717,354,000	$618,854,000	-$98,500,000

1/ A total of $835,000,000 is authorized for all P.L. 81-874 activities for fiscal year 1991.

Purpose and Method of Operation

To help compensate school districts for the cost of educating children when enrollment and the availability of revenues from local sources have been adversely affected by Federal activities, Public Law 81-874, as amended, provides maintenance and operations funds. The various sections of this program provide payments for current operating expenses and are described below.

- Section 2 authorizes assistance to school districts having a partial loss of tax base (10 percent or more of assessed value) as a result of the acquisition (since 1938) of real property by the United States Government. Section 2 payments are to be ratably reduced from full entitlement when sufficient funds are not appropriated for payments at full entitlement. The full tax rates of the applicant school districts are used for computing Section 2 entitlements.

- Section 3(a) authorizes payments for children who reside on and whose parents work on Federal property or are in the uniformed services.

- Section 3(b) authorizes payments for children who reside on or whose parents work on Federal property or are in the uniformed services.

- Sections 5(c) and 5(e) establish the portions of entitlements that will be allocated and paid when an appropriation for a fiscal year is not enough to fund full entitlements under Section 3. The statutory formula includes a hold-harmless provision for all Section 3(a) districts and for Section 3(b) districts with at least 20 percent 3(b) children. The portion of a Section 3 payment that must be used for handicapped students is paid in full before any other payments are made.

Impact Aid

1. Maintenance and operations

Purpose and Method of Operation -- Continued

- Section 3(d)(2)(B) authorizes increased rates of payment for certain districts under specified circumstances to the extent necessary to enable a school district to provide a level of education equivalent to that provided by comparable school districts in the same State. Amendments to this section in 1988 provide that: (1) the reasonable tax effort for a Section (3)(d)(2)(B) applicant must be at least 80 percent of the average tax rate of its generally comparable districts; (2) section 3(d)(2)(B) applicants may use as few as three generally comparable districts for determining eligibility and payments; and (3) a carryover amount of up to 30 percent of the applicant's total current expenditures is not considered part of a district's available resources for determining the amount of Section 3(d)(2)(B) funds needed. Although these amendments have the effect of increasing the total, national Section 3(d)(2)(B) entitlement, a 1989 amendment caps 3(d)(2)(B) payments at $20 million annually.

- Section 3(e) authorizes phase-out entitlements under specified conditions to school districts that lose a substantial number of children due to a decrease or cessation of Federal activities in the State in which the school district is located.

- Section 4 authorizes assistance for sudden and substantial increases in federally connected attendance resulting from activities carried on by the Federal Government either directly or through a contractor.

- The Reconciliation Act of 1981 authorized the Department of Defense to make payments under Section 6 and precluded the Department of Education from using its Impact Aid appropriation for that purpose. Section 6 authorizes payments to Federal agencies or local educational agencies to educate children who reside on Federal property when the State or local educational agency is unable, because of legal or other reasons, to provide a suitable free public education. School districts receiving funds under Section 3 may also receive funds under Section 6.

Payments under Sections 2 and 3 are made directly to school districts for the current fiscal year where they are usually commingled with State, local, and other funds that are used for general operating expenses and that benefit all students enrolled in the district. The supplementary payments on behalf of handicapped students must, however, be used specifically for special education programs designed to meet the needs of those students.

This is a current funded program for which funds are available from October 1 to September 30. The level of funding is dependent upon the availability of appropriations.

Impact Aid

1. Maintenance and operations

Accomplishments

Section 3(d)(2)(B) Regulations

Final regulations implementing eligibility and entitlement standards for payments under Section 3(d)(2)(B) were published in the Federal Register on September 7, 1989. These are the first complete, detailed regulations published for this portion of the program. In addition, these regulations revise the provisions governing the use of payments under Section 3 on behalf of handicapped children and amend the general definitions and a number of other regulatory provisions relating to applications under Sections 2, 3, and 4. These regulations are based upon the requirements in the Impact Aid statute as revised by P.L. 100-297, the Hawkins-Stafford Amendments, and P.L. 101-26, additional amendments enacted in 1989. They are effective starting with FY 1990 payments.

Drug-Free Workplace

The Drug-Free Workplace Act of 1988 requires that recipients of Federal funds certify, prior to an award, that they will maintain a drug-free workplace. The regulations, published in the Federal Register on January 31, 1989, require the grantee to publish a statement notifying employees of its drug-free policy and establish a drug-free awareness program to inform employees that, as a condition of employment under the Federal grant, the employee must abide by the drug-free policy and notify the employer of any criminal drug statute conviction for a violation occurring in the workplace. False certification or violation of the certification are grounds for suspension of payments or termination of grants. The Impact Aid program implemented the Drug-Free Workplace Act starting with FY 1989 applicants.

Program Administration

In 1988, the Department began a study of the Impact Aid program's computerized payment system to identify changes and improvements that need to be made. This was the first step in the process of updating this system. The final report, completed in March 1989, found that the system is not automated enough, is not integrated, and is not accessible to many staff who regularly require access to the data but have little computer knowledge. The study report recommended total replacement of the computer system with a mainframe-based data base management system. The Department has begun to upgrade the system in phases. The first step will be to replace the data entry function which will improve and expedite data entry into the system. The Department will let a contract to design this phase of the project in early 1990.

Impact Aid

1. Maintenance and operations

1991 Budget Proposal

A total of $618.8 million is requested for Maintenance and Operations activities in 1991, $98.5 million less than the 1990 appropriation. An amount of $578.5 million is requested for Section 3(a), the same amount as the 1990 appropriation. For Section 3(b), $25 million is requested for payments on behalf of children connected with federally subsidized, low-rent housing. The 1991 request for Section 3(b) is $98.5 million less than the 1990 appropriation. The Section 2 request of $15.4 million is the same amount as the 1990 appropriation.

Payments under Section 3

For 1991, the formula for payments under Section 3(a) would continue to provide higher rates of payment for districts with higher proportions of federally connected children. The formula would maintain the three types of "a" districts that were established in the Hawkins-Stafford Amendments in 1988 and in appropriation laws since FY 1987.

Estimated Percentages of Entitlement to be Paid

Percent of "a" Children in District	1989	1990	1991 Request
20 -100%	80 -100%	80 -100%	85 -100%
15 - 19	55 - 60	55 - 60	60 - 70
less than 15	35 - 45 1/	35 - 45 1/	35 - 45 1/

1/ These payment percentages are ratably reduced from 100 percent of entitlement to the level allowed by the remaining funds.

For 1991, funds are requested for payments under Section 3(b) only on behalf of children who reside on or whose parents are employed on property described in Section 403(1)(C) of the statute. Funds are requested under Section 3(b) for these low-rent housing children because they live under conditions that contribute to problems in school, and thus increase educational costs, and because the parents of children who live in public

1991 Budget Proposal -- Continued

housing, who are generally living in poverty, generate little revenue for local school districts. Since other "b" children will not be considered for payments in 1992, they also will not be counted in determining whether a district meets the threshold eligibility criteria for payment under Section 3. Thus, in 1991, a district will have to have "a" children and "b" children connected with federally subsidized, low-rent housing equal to the lesser of three percent of total enrollment or 400 in order to be eligible for payments.

Payments under Section 3(d)(2)(B)

In 1991, the Department proposes to count for purposes of Section 3(d)(2)(B) eligibility and payments only 3(a) children and those 3(b) children who reside on or whose parents are employed on property described in Section 403(1)(C). Currently, all federally connected children counted under Sections 3(a) and 3(b) must equal at least 50 percent of total average daily attendance in order for a district to meet the threshold eligibility requirement for 3(d)(2)(B). Since the Department is requesting funds for regular Section 3(b) payments only for children who reside on or whose parents are employed on property described in Section 403(1)(C), it would be inconsistent to count all "b" children for eligibility or payment under Section 3(d)(2)(B). Therefore, the Department proposes appropriation language that would require a district to have 3(a) and 3(b) children connected with federally subsidized, low-rent housing amounting to at least 50 percent of total average daily attendance in order to be eligible for consideration for 3(d)(2)(B) funds in 1991, and 3(d)(2)(B) funds would be paid only on behalf of these children.

Payments under Section 2

The budget request of $15.4 million (level funding) for Section 2 is expected to be approximately 62 percent of full entitlement, based on new regulations affecting Section 2 eligibility and payment amounts, projections of estimated assessed valuations of Federal property and property tax rates, and recent changes in the statute.

Preliminary Payments

The statute provides for preliminary payments at a rate of 75 percent of the previous year's Sections 2 and 3 payments for heavily impacted ("Super a") districts and 50 percent of the previous year's Sections 2 and 3 payments

Impact Aid

1. Maintenance and operations

1991 Budget Proposal -- Continued

for all other districts. Because the Department proposes to provide payments under Section 3(b) only for children who reside on or whose parents are employed on property described in Section 403(1)(C) in 1991, payments received under Section 3(b) in 1990 for other "b" children are proposed to be eliminated from the base used to calculate 1991 preliminary payments. This change would minimize the risk of overpayments in 1991.

Impact Data	1989 1/	1990 1/	1991 1/
Payments for "a" children:			
20% to 100% "a" children in district:			
No. of LEA awards......	348	350	350
No. of "a" children....	178,000	178,000	178,000
Total "a" payments.....	$390,000,000	$405,000,000	$429,500,000
Percent of entitlement to be paid...........	80-100%	80-100%	85-100%
15% to 20% "a" children in district:			
No. of LEA awards......	66	70	60
No. of "a" children....	19,000	19,000	18,600
Total "a" payments.....	$23,000,000	$26,000,000	$25,000,000
Percent of entitlement to be paid...........	55-60%	55-60%	60-70%
Fewer than 15% "a" children in district:			
No. of LEA awards......	1,000	1,000	600
No. of "a" children....	141,000	141,000	134,000
Total "a" payments.....	$143,220,000	$147,500,000	$124,000,000
Percent of entitlement to be paid...........	35-45%	35-45%	35-45%
Payments for "b" children:			
20% to 100% "b" children in district:			
No. of LEA awards......	295	295	30
No. of "b" children.....	390,000	390,000	57,000
Total "b" payments.....	$75,356,000	$68,000,000	$9,600,000
Percent of entitlement to be paid...........	25-35%	25-35%	40-45%

Impact Aid

1. Maintenance and operations

Impact Data — Continued	1989 1/	1990 1/	1991 1/
Fewer than 20% "b" children in district:			
No. of LEA awards......	2,087	2,090	780
No. of "b" children....	1,098,000	1,100,000	580,000
Total "b" payments.....	$60,000,000	$55,500,000	$15,400,000
Percent of entitlement to be paid...........	5-10%	5-10%	5-10%

1/ All figures are preliminary or estimates.

Payments for Federal Property (Sec. 2):			
No. of LEA awards......	259	260	260
Total awards...........	$14,820,000	$15,354,000	$15,354,000
Percent of entitlement expected to be paid..	65-70%	65-70%	60-65%

2. Disaster assistance
(Public Law 81-874, as amended, Section 7; and Public Law 81-815, as amended, Section 16)

1991 Authorization: $862,000,000 1/

Budget Authority:

1990 Appropriation	1991 Request	Increase or Decrease
---	$15,000,000	+$15,000,000

1/ A total of $835,000,000 is authorized for all P.L. 81-874 activities for fiscal year 1991. A total of $27,000,000 is authorized for P.L. 81-815 activities for fiscal year 1991.

Purpose and Method of Operation

Section 7 of Public Law 81-874 authorizes assistance to local educational agencies (LEAs) affected by major disasters. Section 7 grants enable LEAs to make minor repairs, provide temporary facilities, pay increased operating expenses, and replace instructional materials and equipment. Funds appropriated under Section 7 remain available until expended.

Section 16 of Public Law 81-815 authorizes grants to local educational agencies for major repairs or replacement of school facilities damaged or destroyed by major disasters. Funds have never been appropriated specifically for Section 16. The statute provides that funds available for Section 7 of P.L. 81-874 shall also be available for Section 16.

An LEA must be located in a Presidentially declared disaster area in order to be eligible to apply for disaster assistance funds. Prior to 1986, the Federal Emergency Management Agency (FEMA) did not include damage to school facilities in the information it considered when determining whether or not to recommend to the President that a major disaster be declared. This meant that where damage was primarily, or only, to school buildings, major disasters were not declared and school districts were not eligible for funding. In 1986, FEMA reversed its policy, which resulted in disaster declarations covering three school districts that had not previously been eligible. This change in policy is expected to make one or two additional districts eligible for disaster assistance funds each year.

The Hawkins-Stafford Amendments increased eligibility thresholds for disaster assistance to $10,000 or 5 percent of the district's current operating expenditures during the fiscal year preceding the one in which the disaster occurred, whichever is less. The higher threshold had been

Purpose and Method of Operation -- Continued

incorporated in annual appropriations language beginning in 1981 for fiscal years in which disaster assistance funds were appropriated.

Disaster assistance funding is dependent upon the availability of appropriations and remains available until expended.

Accomplishments

Grants totalling $4.8 million were awarded under Sections 7 and 16 to 27 local educational agencies in 15 States in 1989. These funds enabled school districts to repair damage to school facilities caused by severe storms and flooding, heavy rains, a typhoon, and a hurricane. Some of these grants were made to districts that had received funding in previous years but needed additional amounts to continue or complete their repair or reconstruction projects. One district in West Virginia received funds for repairs under Section 16. The remainder of the districts received funds under Section 7.

No new budget authority was provided for this activity for 1989 or 1990 because a large carryover balance ($18.5 million) was expected to be sufficient to fund all eligible applications. However, several severe disasters occurred late in fiscal year 1989 and early in fiscal year 1990. Of the $18.5 million in carryover funds currently available, $2.5 million will be needed to cover the remaining costs associated with the 1987 California earthquake. The remaining $16 million and $62.8 million the Department has been allocated from the appropriation to the President for unanticipated disaster needs will be used to cover claims for damage caused by Hurricane Hugo in the Virgin Islands, Puerto Rico, South Carolina, and North Carolina; damage from the Loma Prieta earthquake in California; damage caused by Hurricane Jerry in Kentucky; and damage caused by the November tornado in Alabama.

1991 Budget Proposal

For fiscal year 1991, budget authority of $15 million is requested for Disaster Assistance. This is expected to be sufficient to fund applications submitted in 1991.

Impact Aid

2. Disaster assistance

Impact Data	1987	1988	1989
Section 7 and Section 16:			
Total grants (new and continuations)...........	$10,696,000	$10,103,000	$4,773,000
Number of LEAs assisted....	61	25	27
Total number of States and Outlying Areas served....	16	15	13
Disaster assistance funds carried over for use in next fiscal year.........	$30,500,000 (carried forward to FY 1988)	$22,300,000 (carried forward to FY 1989)	$18,500,000 (carried forward to FY 1990)

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3. Construction
(Public Law 81-815, as amended)

1991 Authorization: $27,000,000

Budget Authority:

1990 Appropriation	1991 Request	Increase or Decrease
$14,998,000	$27,000,000	+$12,002,000

Purpose and Method of Operation

To help compensate school districts for the cost of educating children when enrollment and the availability of revenues from local sources have been adversely affected by Federal activities, Public Law 81-815, as amended, authorizes direct grants for the construction and repair of urgently needed minimum school facilities. Specifically:

- Section 5 authorizes assistance for school construction in areas experiencing an increase in Federal activity either directly or through a contractor. Eligibility is determined by the increase in the number of children residing on Federal property and/or with a parent employed on Federal property.

- Section 8 authorizes the use of a portion of the program's appropriation as supplementary funding to a district that cannot finance the non-Federal portion of the project or to a district whose grant under this program has been affected by a natural disaster.

- Section 9 authorizes construction assistance to school districts experiencing a temporary Federal impact, either directly or through a contractor.

- Section 10 directs the Secretary to make arrangements for constructing or otherwise providing school facilities for children who reside on Federal property where legal or other reasons prevent the local educational agency from spending State or local funds on the education of federally connected children.

- Sections 14(a) and 14(b) authorize grants to school districts that are comprised mainly of Indian lands or that provide a free public education to children who reside on Indian lands.

- Section 14(c) authorizes construction assistance to school districts that are comprised mainly of Federal lands and that have a substantial number of inadequately housed pupils.

Purpose and Method of Operation -- Continued

- Section 16 authorizes assistance to local educational agencies in areas suffering major disasters. (See preceding Disaster Assistance activity narrative.)

Until 1967, appropriations were sufficient to meet all demands under Public Law 81-815. In recent years, Sections 10, 14(a) and 14(b), and 5 and 14(c) have been funded at levels specified by the Administration and the Congress. If the funds appropriated are not earmarked for specific activities and appropriations are insufficient to fund all eligible projects, the basic law establishes the following funding order: disaster assistance under Section 16 is provided first; then funds are provided for Sections 9, 10, 14(a), and 14(b) in proportion to the total estimated requirements in each section; and then Sections 5, 8, and 14(c) are funded.

Within each section, priority rankings intended to reflect relative urgency of need have been established to ensure a systematic distribution of funds among applicants when appropriations are insufficient to fund all applications. Highest-priority applicants are funded first and priority rankings are reordered periodically as new applications are filed. Thus, a particular project's ranking may change several times before it is funded.

Construction funding is dependent upon the availability of appropriations and remains available until expended.

Accomplishments

A total of $1.8 billion has been appropriated by the Congress for constructing school facilities under Public Law 81-815 from the time of its enactment in 1950 through September 1989, excluding funds transferred to the Department of Education from U.S. Army and Navy construction programs, the Atomic Energy Commission, the Army Safeguard program, and the Economic Development Administration for construction in special areas. In addition, since 1984, the Department of Defense has provided school construction funds under Section 10.

From 1951 through 1989, Federal assistance has been provided to local educational agencies and to other Federal agencies for the construction of approximately 7,000 projects.

In 1987, the Department of Education (ED) and the Department of Defense (DoD) completed a joint study to identify the construction needs of schools located on military installations in the United States and develop a policy to address those needs. This study was mandated by the Military Construction Authorization Act of 1987, and a final report (the so-called "Dole" report) was submitted to the Congress in November 1987.

Accomplishments — Continued

DoD and ED recommended that the construction work needed for these schools be supported with Federal funds to the extent that State and local funds are not available. DoD agreed to fund all construction requirements at Section 6 sites, while ED accepted responsibility for the other schools. Department of Education funding is contingent on the acceptance by LEAs of title to buildings currently owned by ED.

Following the recommendations of this report, DoD now conducts, before any construction work at a specific site is initiated, a fiscal impact analysis to identify the financial benefits that accrue to States or localities because of the presence of a military installation and the financial resources that are available to an LEA to fund needed construction work. Department of Education staff also visit the installation, accompanied by Department of Health and Human Services (HHS) engineers who are under contract with ED, to determine the specific work needed and to estimate the cost of that work. When these two processes are completed, the share of funding to be provided by the Federal, State, and local governments is determined and the work undertaken.

The fiscal analysis and the ED review have been completed for Fort Riley, Kansas, which is serving as a model for implementation of the Dole Report. The Department estimated a cost of $5.83 million to renovate six schools located on Fort Riley. The Geary County Unified School District, which operates the schools on the base, has agreed to accept ownership of the schools and to contribute 10 percent of the cost of renovation. The agreement has been formally signed, and title to the schools has been transferred to the district. The Department has made an award of $5.24 million, to be disbursed over a three-year period to the district. The school district has recently obtained a use permit for the land from the Army and will soon begin the work.

Data collection has been completed for the facilities on military installations in Alaska, California, Texas, Virginia, and Washington. DoD has just begun to gather information for Whiteman AFB in Missouri. Department of Education staff and HHS engineers have visited and completed cost estimates for installations in Alaska, California, Virginia, and for Whiteman AFB. As soon as DoD has completed the fiscal analyses for these installations, the Department will begin negotiations with the relevant State and local governments to establish their contributions toward the projects. Because school districts in Alaska and Virginia have not yet agreed to accept ownership of the relevant school buildings in their districts, funding for those sites is on hold.

Impact Aid

3. Construction

1991 Budget Proposal

Construction funds of $27 million are requested for 1991 for awards under Sections 5, 10, and 14. The request consists of $7 million for grants under Sections 5 and 14(c), an increase of $7 million over the 1990 appropriation; and $10 million each for Section 10 projects and for Sections 14(a) and 14(b) grants, which is $2.5 million more than the 1990 appropriation for each of these activities.

Since 1984, funds for school construction under Section 10 have been made available through DoD as well as through the Department of Education. DoD has used these funds for construction activities at Section 6 sites, while the Department of Education has used Section 10 funds for non-Section 6 sites. In 1991, these funds will be used by both agencies to meet the construction needs identified in the Dole report. Section 10 funds will also be used for asbestos abatement in Section 10 buildings owned by ED as required by the Asbestos Hazard Emergency Resources Act, as well as for emergency repairs to maintain safe conditions in Section 10 buildings and prevent further deterioration of those facilities.

Impact Data	1989	1990	1991
Funding:			
Sections 5 and 14(c)	$2,964,000	---	$7,000,000
Section 10 1/	9,880,000	$7,499,000	10,000,000
Sections 14(a) and (b)	11,856,000	7,499,000	10,000,000
Total	24,700,000	14,998,000	27,000,000
Projects:			
Continuations	74	92	90
New awards (estimated range of total awards for 1990 and 1991):			
Sections 5 and 14(c)	---	1-2 2/	4-6
Section 10 1/	21	10-14	12-16
Sections 14(a) and (b)	3	3-6	3-6
Total new awards	24	14-22	19-28

1/ Impact data are for Department of Education funds only.

2/ These awards will be made from carryover funds.

Impact Aid

Maintenance and Operations - Section 3, Public Law 81-874[1]

State or Outlying Area	1989 Appropriation	1990 Appropriation	1991 Request
TOTAL	$693,576,000	$702,000,000	$603,500,000
Alabama	5,981,002	5,624,961	2,649,841
Alaska	73,182,943	75,728,263	79,653,235
Arizona	60,815,161	62,908,488	59,714,134
Arkansas	2,360,917	2,397,081	2,188,226
California	64,964,183	66,313,298	61,867,264
Colorado	8,109,887	8,035,740	5,565,791
Connecticut	7,168,814	7,180,374	6,151,793
Delaware	93,131	84,323	15,146
District of Columbia	1,869,511	1,831,485	1,972,120
Florida	14,486,118	14,298,497	10,139,098
Georgia	7,610,909	7,290,222	3,978,677
Hawaii	21,164,753	21,828,534	21,596,906
Idaho	4,657,973	4,674,232	3,222,846
Illinois	11,242,737	11,318,967	10,319,824
Indiana	1,932,095	1,921,595	1,652,164
Iowa	306,628	305,008	217,728
Kansas	10,651,997	10,889,644	10,526,871
Kentucky	1,542,968	1,406,377	209,160
Louisiana	7,847,727	7,724,680	7,876,121
Maine	3,079,548	3,145,892	2,813,527
Maryland	11,386,250	11,306,399	7,907,815
Massachusetts	5,709,483	5,776,502	9,564,681
Michigan	6,698,197	6,868,759	6,572,811
Minnesota	5,419,085	5,573,370	5,822,368
Mississippi	4,006,165	4,015,381	3,191,991
Missouri	5,531,261	5,596,957	5,449,987
Montana	21,455,736	22,193,113	23,453,750
Nebraska	8,525,320	8,666,702	7,938,329
Nevada	3,903,961	3,925,436	3,115,987
New Hampshire	2,306,912	2,378,812	2,521,177
New Jersey	12,056,123	12,320,937	12,016,999
New Mexico	36,757,851	37,878,240	37,094,788
New York	17,771,625	17,156,773	10,933,038
North Carolina	9,140,173	8,749,499	4,650,241
North Dakota	6,297,191	6,492,176	9,698,834

Impact Aid

Maintenance and Operations - Section 3, Public Law 81-874[1] — Continued

State or Outlying Area	1989 Appropriation	1990 Appropriation	1991 Request
TOTAL	$693,576,000	$702,000,000	$603,500,000
Ohio	5,155,532	5,024,391	3,131,237
Oklahoma	23,727,625	24,209,751	22,136,415
Oregon	3,464,927	3,529,725	2,821,331
Pennsylvania	4,382,858	4,159,766	2,371,886
Rhode Island	2,906,209	2,959,203	2,527,303
South Carolina	7,353,283	7,230,821	5,332,137
South Dakota	14,433,112	14,939,942	15,381,384
Tennessee	4,048,647	3,772,794	1,264,960
Texas	28,173,117	28,191,429	22,939,109
Utah	9,362,131	9,139,745	5,242,455
Vermont	19,169	17,384	3,894
Virginia	37,278,217	36,280,891	21,468,838
Washington	26,643,841	26,958,003	22,587,295
West Virginia	116,697	108,697	13,459
Wisconsin	6,214,371	6,394,378	6,075,179
Wyoming	7,211,670	7,331,142	6,580,838
Puerto Rico	1,550,288	1,403,664	574,419
Guam	---	---	---
Virgin Islands	776,689	704,476	784,591
Undistributed	44,723,281	45,837,075	20,000,000

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[1] Funds are distributed to LEAs based on numbers and percentages of federally connected children and national and State average per pupil expenditure data from two years preceding. Funds are distributed based on the formula in the authorizing statute.

The appropriations for 1989 and 1990 include payments for both "a" and "b" children. The 1991 request is for payments for "a" children and payments for "b" children connected with low-rent housing.

All figures are estimates based on projections of prior year data.

MONDAY, FEBRUARY 26, 1990.

BILINGUAL AND IMMIGRANT EDUCATION

WITNESSES

RITA ESQUIVEL, DIRECTOR, OFFICE OF BILINGUAL EDUCATION AND MINORITY LANGUAGES AFFAIRS

SALLY H. CHRISTENSEN, DIRECTOR, BUDGET SERVICE, OFFICE OF PLANNING, BUDGET AND EVALUATION

THOMAS M. CORWIN, DIRECTOR, DIVISION OF ELEMENTARY, SECONDARY, AND VOCATIONAL ANALYSIS, BUDGET SERVICE, OFFICE OF PLANNING, BUDGET, AND EVAULATION

Mr. NATCHER. We have before the committee Ms. Esquivel, before you give us your statement, tell us who you have with you there at the table.

Ms. ESQUIVEL. Well, I have with me Tom Corwin and Sally Christensen from the Office of Planning, Budget, and Evaluation, in the Department of Education, Mr. Chairman.

Mr. NATCHER. Thank you very much, and now we will be pleased to hear from you concerning your request.

BUDGET REQUEST

Ms. ESQUIVEL. Thank you, Mr. Chairman, and members of the committee.

I am pleased to appear before the committee today to testify on the fiscal year 1991 budget for Bilingual and Immigrant Education. The budget request for the programs in this account is $205.5 million; $16.9 million more than the 1990 appropriation.

The increase reflects the Department's emphasis on programs serving a population that is generally disadvantaged and in the absence of special programs, may drop out of school, depriving this country of their many potential contributions.

FORUM

Last month the Office of Bilingual Education and Minority Languages Affairs hosted a forum on personnel needs for districts with changing demographics. In this forum, eight school superintendents, eight assistant superintendents for personnel, and eight deans of schools of education provided the Department with extremely useful advice for the improvement of our programs to serve limited English proficient students.

The Department has begun to act on this advice in the conduct of the 1990 funding competitions. This advice is also reflected in the 1991 budget, and will have an even greater impact on next year's budget request.

For bilingual education, $175.4 million is requested, an increase of $16.9 million or 11 percent over the 1990 level. All of the increase is requested for Part A, Bilingual Programs, since these projects provide both direct services to limited English proficient students and in-service staff development for teachers.

BILINGUAL PROGRAMS

For Part A, bilingual programs, $132.6 million is requested; almost $17 million more than the 1990 appropriation. Of this increase, $12 million will be used for a special competition limited to school districts experiencing a major, recent influx of limited English proficient students. And these districts often need special assistance in coping with short-term difficulties, which this special competition will help them overcome.

SUPPORT SERVICES

Under Part B, Bilingual Support Services, $10.8 million is requested. All of Part B activities would continue at their 1990 appropriation levels.

TRAINING GRANTS

Under Part C, bilingual training grants, $31.9 million is requested, the same as the 1990 appropriation. Enactment of the request would require the Congress, again, to override the 25 percent set-aside for Part C.

IMMIGRANT EDUCATION

For the Immigrant Education program, $30.1 million is requested, the same level as in 1990.

My colleagues and I will be happy to respond to any questions you have regarding the 1990 budget request for bilingual and immigrant education programs.

[The information follows:]

DEPARTMENT OF EDUCATION

Statement by

Rita Esquivel
Director
Office of Bilingual Education and Minority Languages Affairs

on

Bilingual and Immigrant Education

Mr. Chairman and Members of the Committee:

I am pleased to appear before the Committee today to testify on the fiscal year 1991 budget for Bilingual and Immigrant Education. The budget request for the programs in this account is $205.5 million, $16.9 million more than the 1990 appropriation. The increase reflects the Department's emphasis on programs serving a population that is generally disadvantaged and, in the absence of special programs, may drop out of school, depriving this country of their many potential contributions.

Last month the Office of Bilingual Education and Minority Languages Affairs hosted a forum on personnel needs for districts with changing demographics. In this forum eight school superintendents, eight assistant superintendents for personnel, and eight deans of schools of education provided the Department with extremely useful advice for the improvement of our programs to serve limited English proficient students. The Department has begun to act on this advice in the conduct of 1990 funding competitions. This advice is also reflected in the 1991 budget request and will have an even greater impact on next year's budget request.

Bilingual Education

For Bilingual Education, $175.4 million is requested, an increase of $16.9 million, or 11 percent, over the 1990 level. All of the increase is requested for Part A, Bilingual Programs since these projects provide both direct services to limited English proficient students and in-service staff development for teachers.

Bilingual Programs

For Part A, Bilingual Programs, $132.6 million is requested, $16.9 million more than the 1990 appropriation. This increase will fund some 152 additional school district projects serving an estimated 41,000 more limited English proficient students. Of this increase, $12 million will be used for a special competition limited to school districts experiencing a major, recent influx of limited English proficient students. These districts often need special assistance in coping with short-term difficulties which this special competition will thelp them overcome.

The Hawkins-Stafford Elementary and Secondary School Improvement Amendments of 1988 provided a significant increase in the flexibility of local education agencies to select the most appropriate instructional method. The Department began implementing this new flexibility in the 1989 awards process. In 1991, a large share of Part A funds will be allocated to transitional bilingual education, special alternative instructional programs, and developmental bilingual education, the three activities that are most directly focused on assisting limited English proficient children learn English and meet grade promotion and graduation requirements. The Department intends to continue its policy of making, to the maximum extent possible under the law, awards for activities on the basis of quality rather than instructional approach. In recognition of congressional desire for increased funding for developmental bilingual education, the Department will initiate approximately 17 new grants in 1990. In fiscal year 1991, we request funding adequate to continue these projects. We are closely monitoring these projects and will base future budget requests for this activity on the relative success of these fiscal year 1990 awards.

Bilingual Support Services

Under Part B, Bilingual Support Services, $10.8 million is requested. All Part B activities would continue at 1990 appropriation levels. These activities include State educational agency grants for data collection and for a variety of technical assistance activities, and contracts for research and evaluation studies, two evaluation assistance centers, and a clearinghouse.

Bilingual Training Grants

Under Part C, Bilingual Training Grants, $31.9 million is requested, the same as the 1990 appropriation. Enactment of the request would require the Congress again to override the 25 percent set-aside for Part C. Over a 21-year period, the Department has invested $500 million in training activities. These activities have assisted some 250 institutions of higher education to operate teacher training programs, helped local school districts in their teacher staff development efforts, and funded Multifunctional Resource Centers to assist local school districts in training staff. In response to fiscal year 1990 appropriations language, the Department will make 200 bilingual fellowship awards. The funds requested in the 1991 budget will continue those awards and support an additional 100 new fellows.

Immigrant Education

Under the Immigrant Education program, $30.1 million is requested, the same level as in 1990. Last year the Department proposed legislation for Immigrant Education that would require that grants be used only to provide supplementary education programs for immigrant students. The Department continues to support this proposal.

My colleagues and I would be happy to respond to any questions you have regarding the 1991 budget request for the Bilingual and Immigrant Education programs.

DEPARTMENT OF EDUCATION

OFFICE OF BILINGUAL EDUCATION

AND

MINORITY LANGUAGES AFFAIRS

Biographical Sketch

NAME : Rita Esquivel

POSITION : Director of the Office of Bilingual Education and Minority Languages Affairs (OBEMLA)
United States Department of Education

BIRTHPLACE AND DATE : Our Lady of the Lake University, B.A.
San Antonio, Texas, 1960

EXPERIENCE

1989 - Present : Director of the Office of Bilingual Education and Minority Languages Affairs (OBEMLA)
United States Department of Education

1987 - 1989 : Assistant to the Superintendent
Santa Monica-Malibu Unified School District
Santa Monica, California

1981 - 1987 : Assistant Superintendent - Education
Santa Monica-Malibu Unified School District
Santa Monica, California

1976 - 1981 : Supervisor, of State and federal projects
Santa Monica-Malibu Unified School District

1973 - 1976 : Coordinator of Community Relations and Chapter I, Santa Monica-Malibu Unified School District

1971 - 1973 : Curriculum Assistant to Assistant Superintendent, Santa Monica-Malibu Unified School District

1970 - 1973 : Instructor, English as a Second Language
Santa Monica College, Santa Monica
California

1965 - 1971 : Secondary Spanish Teacher and School Counselor, Lincoln Junior High School
Santa Monica-Malibu Unified School District
Santa Monica, California

1963 - 1965 : Elementary Classroom Teacher
John Muir Elementary School, Santa Monica-
Malibu Unified School District

1955 - 1963 : Elementary Classroom Teacher
San Antonio Independent School District
San Antonio, Texas

1953 - 1955 : Elementary Classroom Teacher
Edgewood Independent School District
San Antonio, Texas

HONORS AND AWARDS : Outstanding Alumnus of the Year, Our Lady of the Lake University, San Antonio, Texas (1983)

: Woman of the Year, YWCA, Santa Monica, California (1988)

: Elected to Pi Gamma Mu, Our Lady of Lake University, (1951)

: Who's Who in American Colleges and Universities (1953)

: Translated 10 children's books from English to Spanish, Children's Press

: Has lectured extensively throughout the country on bilingual education

NUMBER OF STUDENTS

Mr. **Natcher**. Thank you.

How many school aged children do you believe need bilingual education services, and how has this changed over the last decade?

Ms. **Esquivel**. I would say approximately 3,000,000, Mr. Chairman. It has grown over the past years, and it continues to grow.

SCHOOL RESPONSE

Mr. **Natcher**. In your opinion, how well have local school systems responded to the needs of these students?

Ms. **Esquivel**. Well, it depends on the school district. Right before I came here, I was the assistant superintendent for the Santa Monica-Malibu school district, and, of course, I am happy to say that that school district was doing very well. I think most of the school districts in New York, in Florida, in Texas, in California, in Massachusetts, are doing very well, but there are some school districts that need our help, and we need to encourage them and to serve as a guiding light for them.

SPECIAL COMPETITION

Mr. **Natcher**. As you know the 1991 budget request sets aside $12,000,000 for a new program to assist communities with large numbers of new limited English students. Who would qualify for these grants?

Ms. **Esquivel**. Any school district that has had a major recent influx of limited English proficient students would qualify.

Mr. **Natcher**. Would communities which are already receiving immigrant assistance under the 4(d) program also qualify for these new grants?

Ms. **Esquivel**. Under Part A?

Mr. **Natcher**. No, 4(d), immigrant assistance.

Ms. **Esquivel**. They certainly would, Mr. Chairman. They would continue to qualify.

Mr. **Natcher**. Is this initiative intended as a replacement for the old refugee education program, which ended in 1989?

Ms. **Esquivel**. No. This is a new competition to help out districts that are recently impacted.

Mr. **Natcher**. Why do you use special bill language for this new program? Why couldn't it be done under your regular Title VII authorization?

Mr. **Corwin**. Mr. Chairman, we included special appropriation language in our budget proposal in order to highlight a new initiative that we felt was important, that we really would like to carry out.

However, as a technical budget matter, the special language really isn't needed. In fact, we conducted a similar competition without special language in 1989.

FORUM ON TRAINING NEEDS

Mr. **Natcher**. Last year you indicated that you had awarded a contract for a study of the bilingual fellowship program.

Your statement indicates that you have also held a forum with local officials on training. What is the result of these efforts, and, if you will, tell us what changes are you planning to make in 1991?

Ms. ESQUIVEL. First of all, the forum was a huge success. We brought in superintendents from the major areas where non-English-speaking children live. That would be Los Angeles, Dade County, Chicago. We had people from Massachusetts, Arizona, New Mexico, Texas. We found that they are in desperate need of teachers.

We also found out that the institutions of higher education, our colleges and universities, were not talking to superintendents. So we got them together and we said they needed to articulate. You know, universities cannot just go ahead and set up programs without consulting with local education agencies. We think we opened the channels of communication between the two groups.

TRAINING REQUEST

Mr. NATCHER. The President's budget proposes bill language overriding the requirement that 25 percent of bilingual funding go for training. Why is this change necessary?

Ms. ESQUIVEL. We have put most of the increases, Mr. Chairman, in direct services to children. The proposals under Part A that are sent to the Department also allocate between 10 and 20 percent of their monies for staff development. So we feel that that covers staff development at this time.

Mr. NATCHER. How would the distribution of bilingual funds change if we approved your total request but distributed the full 25 percent to training?

Ms. ESQUIVEL. We would lose about $10 million out of Part A for direct services to children.

Mr. NATCHER. Mr. Conte.

Mr. CONTE. Thank you, Mr. Chairman. First of all, I want to welcome you, Rita. We are very pleased to have you here today.

Ms. ESQUIVEL. Thank you.

Mr. CONTE. I imagine on cold days like this you wish you were back in California.

Ms. ESQUIVEL. You are right. There are some board members here, my former bosses, and they are giving me the you know what.

FLEXIBILITY

Mr. CONTE. Last year we talked about how the Hawkins-Stafford Act would give greater flexibility to districts to determine the methods of bilingual instruction. I asked for feedback about those changes and was told it was too early to tell if they were helpful. Can you tell me this year if those changes are working?

Ms. ESQUIVEL. Yes, they are working because different programs are best suited to children's individual needs. Again, if I may indulge you with a local story, in Santa Monica we had both transitional bilingual education and special alternative programs. We had transitional programs in schools where the children spoke one language other than English and special programs in two schools where the children spoke 28 different languages. It gives the school district the ability to be flexible and tailor their program according to student needs. We had all three in Santa Monica.

That shows you in a little district, you can have all three depending on what it is that particular schools need for their particular youngsters and remembering also that the primary purpose of bilingual education, regardless of which program it is, is to teach children English.

EFFECT OF SEQUESTER

Mr. **Conte**. Did the sequester impact the bilingual program?

Mr. **Corwin**. This was another budget account that was not affected.

GREATEST NEED

Mr. **Conte**. What are the greatest educational needs of language minority students and what is the Department doing to address those needs?

Ms. **Esquivel**. Their greatest need is to have programs that allow them to learn English.

What are we doing? We are putting our 11 percent increase into direct services to children.

METHOD OF INSTRUCTION

Mr. **Conte**. There always seems to be disagreement among the minority language groups over what method of instruction is best. What method do you think is best, and how do you propose to handle this never ending debate?

Ms. **Esquivel**. The district I came from had all three. I will continue to say that it is a local decision. The program should be tailor-made according to the needs of the children that attend that particular school. I have been there, I have done all three, and all three work with a certain group of children.

Mr. **Conte**. So there is no method that is the best?

Ms. **Esquivel**. I have been in bilingual education since 1970. I came straight out of kindergarten.

DEVELOPMENTAL PROGRAMS

Mr. **Conte**. The Department is requesting $3 million for development programs in the form of grants ranging from $75,000 to $275,000. What are the merits of the developmental program? What types of programs do you want to sponsor?

Ms. **Esquivel**. That is such an exciting program. We have been looking forward to this and we are very excited about being able to fund programs in developmental bilingual education. Having been the administrator of one, I know how well they work. It brings to the program English-speaking models for the children. So you have a classroom where the children are seated side by side and the English-speaking children are models for the children who speak another language.

It also affords the children who are English speaking the opportunity to learn a second language. Yesterday, the Governors met and one of their objectives was that more children should learn a second language. We feel we are on the cutting edge for everybody.

TEACHER SHORTAGE

Mr. CONTE. The Department recently conducted a study of the preparation and supply of teachers for bilingual programs. Is there a teacher shortage for bilingual programs, and what did the study find? Is it a nationwide shortage or a spot shortage?

Ms. ESQUIVEL. I know what the superintendents told us. I do not know about the study, but we will give you the answer for the record.

Mr. CONTE. Give us State-by-State supply and demand for bilingual teachers.

[The information follows:]

DATA ON SHORTAGES OF BILINGUAL TEACHERS

The Department's National Center for Education Statistics recently completed two major surveys that collected data relevant to the supply of bilingual and ESL teachers and the demand for their services. These surveys are the "Recent College Graduates" survey and the "Schools and Staffing Survey." Analysis of data from the first survey should provide information on what happens to college graduates who are certified as bilingual or ESL teachers. The degree to which they find employment in the field for which they were trained will serve as one measure of demand. Another measure of demand will be available for the "Schools and Staffing Survey." This study collected data from schools, school districts, and from teachers. Data were collected on the number of unfilled vacancies for bilingual and ESL teachers. The survey will produce estimates of shortages at both the national level and regionally. Data may also be available for some larger States. Unfortunately, the data collected by these surveys are still being analyzed and we are not yet able to report their findings. The Department expects to hae completed the initial analysis of relevant data from these two studies by fall 1990. These findings will be included in the fiscal year 1992 Congressional Justification.

DROPOUT RATE

Mr. CONTE. What is the dropout rate for language minority students and what is the Department doing to address the problem of language minority student dropouts?

Mr. CORWIN. I am not sure we have good statistics on that. We will have to go back and check with the National Center for Education Statistics, which is studying dropout rates.

[The information follows:]

DROPOUT RATES FOR LANGUAGE MINORITY STUDENTS

The Department's National Center for Education Statistics recently published *Dropout Rates in the United States: 1988* (NCES 89-609). This report includes data collected by the Bureau of the Census in a 1988 Current Population Survey and from the NCES study, "High School and Beyond." Statistics are reported in several ways, including "cohort" dropout rates and "event" dropout rates. Cohort rates measure what happens to a single group of students over a period of time. Event dropout rates measure the proportion of students who drop out in a single year without completing high school. Relevant numbers from this report are listed below:

Cohort dropout rates vary by home language background. Students who come from homes where a language other than English is spoken exclusively are significantly more likely to drop out than students from homes where English is spoken exclusively. The dropout rates for these groups are 20.1 percent and 14.5 percent, respectively.

Cohort dropout rates for whites, blacks, and Hispanics differ significantly. The rate for white students is 15 percent, for blacks 22 percent, and for Hispanics 28 percent.

The average event dropout rate for Hispanic students, grades 10 to 12 was 9.27 percent, more than twice as high as for white students (4.2 percent).

Mr. CORWIN. I think the programs under bilingual education addresse this problem as do the dropout prevention demonstration activities that we are proposing to begin again in 1991.

Ms. ESQUIVEL. We have the innovative approaches research project. It includes a dropout prevention component and one on instruction of exceptional students. This will be completed in September of 1990.

HOLYOKE SCHOOLS

Mr. CONTE. When we first met, we discussed the middle school project in the Holyoke schools. If the bilingual grant they applied for doesn't come through, will you personally meet with me and my staff and the people at Holyoke to explore other options?

Ms. ESQUIVEL. We certainly will.

CAPACITY BUILDING

Mr. CONTE. How many of the bilingual education basic grant programs have been able to fund their own programs after three years? What are the common features of those successful programs?

Ms. ESQUIVEL. Do you mean how many after our funding is over, how many continue? We hope 100 percent because that is the condition on which we give them the money. After the United States Government money runs out, the local district should continue the program.

Mr. CONTE. But how many of them can do it after three years?

Ms. ESQUIVEL. Most get a two-year extension, so most of them are five-year projects.

Mr. CORWIN. If they can show they are making good progress they can get the two-year extension.

LONGITUDINAL STUDY

Mr. CONTE. What is the status of the longitudinal study on immersion? Does your budget reflect the findings of that study?

Ms. ESQUIVEL. There are two studies, the longitudinal study and the immersion study. The report from the longitudinal study has just been given to us by the contractor. We expect to have the results published in the very, very near future.

The immersion study will be ready approximately at the end of May or beginning of June. The contractor has asked for an extension of four months.

Mr. CONTE. Will you put a summary in the record?

Ms. ESQUIVEL. Yes.

[The information follows:]

LONGITUDINAL STUDIES

The "National Longitudinal Evaluation of the Effectiveness of Services for Language Minority, Limited English Proficient Students" began in 1983. The purpose of the study is to assess the longitudinal impact of services on student achievement. The contractor submitted the final report in December 1989, and we expect to release the study finding in early 1990. Because of the likely impact of the findings of this study, and because we are concerned about alternative interpretations of the data, the Department is in the process of arranging for the National Academy of Sciences to conduct an independent, expert examination of the methods, analyses, and findings of this study. We plan to wait for the results of the Academy's review

before considering the findings in terms of future Federal policies for bilingual education.

The Immersion Study has also been delayed. The contractor encountered some technical problems in completing the analyses called for in the contract. Consequently, the Department has directed the contractor to correct these problems and to ensure that the findings are based on solid empirical evidence. We expect the additional analyses to be completed in May or June 1990. The Department also plans to submit the data from this study to the National Academy of Sciences for them to conduct an independent, expert examination of its methods, analyses, and findings.

COORDINATION WITH CHAPTER 1

Mr. CONTE. How much coordination is there between Chapter 1 and the programs within the Department that provide to all the money for limited English proficiency students? Which is the most effective?

Ms. ESQUIVEL. Not all children that are in bilingual programs are in Chapter 1, because Chapter 1 is given to a school based on poverty factors like AFDC. So you may have many schools with language minority children that are not Chapter 1 schools. For those students, the only money available is the bilingual money.

I think there is a misconception that bilingual children are also getting Chapter 1. That is grossly in error. Many, many children who are language minority children do not benefit from one penny of Chapter 1 money.

Mr. CONTE. That is very interesting. How are the two programs coordinated?

Ms. ESQUIVEL. At a school or the Federal level or what level?

Mr. CONTE. At the school level.

Ms. ESQUIVEL. Since I supervised both, I will take that district. If you have bilingual monies and Chapter 1 monies at a school, you will coordinate the programs. In my experience the chapter 1 schools did not have bilingual monies. Our bilingual monies went to other schools. Just because you don't speak English doesn't mean you are necessarily poor. Therefore, you have a lot of children coming in from Asian countries and other places that are not AFDC recipients, which is the way Chapter 1 monies are allocated in California.

If you have both programs at the school there will be a great deal of cooperation between them, but if you only have bilingual monies, those are the ones you use. We want people to understand that bilingual education is not a compensatory program. We want LEP children to have access to the core curriculum. One of the things I say as I travel through this Nation is that it is not a compensatory program. We have gifted children.

Mr. CONTE. I realize that. If you did not have a well coordinated program, there might have some double dipping. Please get something for the record on this.

Ms. ESQUIVEL. All right. Do you mean that they would be participating in both programs?

Mr. CONTE. Yes, someone could use both chapter 1 and bilingual.

Ms. CHRISTENSEN. Mr. Conte, I would say that the programs are complementary in that once the children have gone through the Title VII bilingual program and learned English, if they are still educationally disadvantaged and if they are in a high concentration school, they would then receive further assistance and sometimes receive it simultaneously with biligual education. We will expound on that.

[The information follows:]

Coordination of Bilingual Programs With Chapter 1

The Department has very limited information on how bilingual education and Chapter 1 services are coordinated by local educational agencies that receive funding under both programs. Coordination is complicated by the "supplement not supplant" language in Chapter 1 that prohibits funds from being used to provide services otherwise required by law. Since the 1974 *Lau v. Nichols* Supreme Court decision, it has been clear that school districts are legally required to provide some kind of special instructional service to limited English proficient students. Consequently, some school districts only serve limited English proficient students under programs other than Chapter 1. Nationally, however, large numbers of limited English proficient students are served by Chapter 1. The district-level survey data collected as part of the National Assessment of Chapter 1 showed that some 530,000 language minority, limited English proficient students received Chapter 1 ESL services during academic year 1986–87.

1989 LAPSE

Mr. Conte. Your justifications shows $1.1 million lapsing in FY 89. What was the reason for this?

Ms. Esquivel. Most of the money that lapsed was from the MRCs, the multifunctional resource centers. That will not happen during my watch. I will spend all the money.

Mr. Conte. I believe you. Thank you.

Mr. Natcher. Mr. Roybal, I yield to you.

Mr. Roybal. Ms. Esquivel, I wish to welcome you this afternoon and tell you how pleased I am that you were appointed. For once I can actually say the right person was appointed to the right job.

Ms. Esquivel. Thank you, sir.

FUNDING FOR BILINGUAL PROGRAMS

Mr. Roybal. I have some general questions I would like to ask. I think most have already been asked.

For FY 1990, the Congress directed the department to use the increase of $5 million in bilingual programs for developmental biligual education. It is my understanding that only $3 million was allocated for this purpose. What happened to the other $2 million?

Ms. Esquivel. It went to the transitional bilingual education.

Mr. Roybal. All right.

Your budget increases alternative programs at the expense of transitional and development programs. What is the rationale for this request?

Ms. Esquivel. I can give you a programmatic point of view. You know when we advertise, Congressman, we have a certain number of applications that come through. We just felt that the number of applications received for special alternative and for transitional bilingual education programs did not reflect relative distributions. We are not going just by numbers, we are going by the quality of the program.

There are many school districts—a lot of them in California as well you know—that have a multitude of languages and that need special alternative programs. Also, those programs are being used a lot in middle schools. That is a real good place to use a special alternative program where the children can speak some English but they need language expansion.

Mr. ROYBAL. In other words, we are saying that alternative programs is another way of saying English only?

Ms. ESQUIVEL. No. It is a way of using sheltered English. If you have a program where you have 28 different languages and you have a group of children and ten are seated by your desk and there are six different languages, sometimes sheltered English is the only program you can use.

Mr. ROYBAL. Five million dollars was appropriated and $3 million were used. Three million dollars went to alternative programs.

Mr. CORWIN. Not necessarily.

Mr. ROYBAL. What happened to the $2 million?

Mr. CORWIN. The numbers you see in the budget justification are estimates of where the money would end up. As you know, in the current law we have a ceiling of up to 25 percent for the special alternative programs. The way we have been running that, because we are committed to the concept of local flexibility, we take the best projects from both competitions from the top down subject to the ceiling of 25 percent.

We don't know yet how 1990 is going to turn out. The $2 million will go into either transitional bilingual education or special alternatives, or most likely, a combination of the two.

Mr. ROYBAL. But the truth of the matter is that only $3 million is actually being used of the $5 million appropriated?

Mr. CORWIN. Only $3 million is set aside for developmental. All $5 million will be used.

DEVELOPMENTAL BILINGUAL PROGRAMS

Mr. ROYBAL. Only $3 million was now, the rest of the money is going where?

Mr. CORWIN. Transitional and special alternatives.

Mr. ROYBAL. But then in your budget request, you increased alternative programs at the expense of transitional and developmental programs.

Mr. CORWIN. We have not increased developmental. We have increased transitional. These are just estimates subject to how the competitions turn out.

Mr. ROYBAL. Are you taking these away from monies already intended to be used for bilingual education?

Mr. CORWIN. No.

Ms. ESQUIVEL. Special alternatives is bilingual.

Mr. ROYBAL. I understand that, but the Congress set aside $5 million for a special purpose and it was not being used.

Ms. ESQUIVEL. You are correct.

Mr. ROYBAL. Why not?

Ms. ESQUIVEL. We felt we should use $3 million to see what kind of programs came in, to do some research on it and come back to you next year. I would like to say that there is no one in the world who believes more in bilingual education than I and I think Mr. Roybal our people from California know that about me. There are special alternative instructional programs that have a place.

There is nothing wrong with having special alternative programs. They have a place in communities where there is not a concentration of students who speak only one language and we need to address those too.

Mr. **Roybal**. I agree, and I think we should have appropriated the $2 million for that purpose and that was the intent.

Ms. **Esquivel**. You mean the $5 million for developmental.

Mr. **Roybal**. I am talking about the $5 million, yes. But it is already done. Let's hope we are able to find enough money so we can fund the programs that are important. I am not pitting one against the other by saying that. I hope we don't have to take from a program to give to another program at any time.

HEAD START

One other thing kind of puzzles me a little bit. That is Head Start. Head Start is in HHS, not in the Department of Education.

Ms. **Esquivel**. Right.

Mr. **Roybal**. What is the relationship between your office and the Head Start program? Should there be a relationship?

Mr. **Corwin**. Well, over the years we have run some projects in the preschool area, but it has been in the neighborhood of a few million dollars a year in a budget of $100 some million. So it has been a fairly minor activity. Ms. Esquivel has been developing a better relationship with the special education area. We have not gotten to Head Start yet.

Mr. **Roybal**. You realize, as I do, that Head Start is a very important program. Somewhere down the line I think it should be coordinated with the Department of Education.

Ms. **Esquivel**. We certainly will do that.

Mr. **Roybal**. I am glad to hear that.

Ms. **Esquivel**. I was very surprised to find out it was in HHS. I thought it was in Education.

Mr. **Corwin**. In 1979 the Carter Administration proposed to place Head Start in our Department, but the Head Start constituency didn't want to go over with us. They are still separate.

Mr. **Roybal**. Thank you.

Thank you, Mr. Chairman.

IMMIGRANT EDUCATION FORMULA

Mr. **Natcher**. What formula do you use to distribute funding under the immigrant assistance program?

Ms. **Esquivel**. We receive the number of immigrants from the states. They are charged with data collection and then it is strictly across the board per capita.

Mr. **Natcher**. Last year you submitted a proposal to the Authorizing Committee to clarify that immigrant funds should be used to supplement rather than supplant local funds. How serious is this problem?

Mr. **Corwin**. Well, we are concerned that the immigrant education money be used to meet the special educational needs of those immigrant children rather than the general operating expenses of the school district. We feel the program is much more justifiable if it is run on that sort of basis and that it is an important issue.

Mr. NATCHER. Can funding provided for immigration assistance grants be used for repair or replacement of facilities.

Ms. ESQUIVEL. Yes.

Mr. NATCHER. Mr. Conte.

Mr. CONTE. I have no further questions.

Mr. NATCHER. Mr. Roybal.

DROPOUT RATES

Mr. ROYBAL. Just one thing. With regard to statistics of the dropout rate, I think you indicated that you would go back and get last up to the minute statistics and make it available for the record, correct?

Mr. CORWIN. Yes sir.

Mr. ROYBAL. What you were saying, it seems to me, is that you had doubts as to the existence of such statistics?

Mr. CORWIN. I cannot recall seeing a statistic on limited English proficient students. The National Center for Education Statistics just this fall completed their first major study on the dropout rates. The problem in the past was that every state compiled statistics differently. Some states counted kids in alternative schools as having dropped out, and others counted those who dropped out, but were pursing the GED, as still in. The study did various breaks by different ethnic groups.

I cannot recall seeing a LEP rate, but I would like to go back and check with them.

Mr. ROYBAL. So you suspect there may be such a statistic?

Mr. CORWIN. There may be. I cannot remember.

Mr. ROYBAL. I would like to also see that study. When it is made available, put it in the record. I would appreciate it if you would also send it to my office.

Mr. CORWIN. We will be glad to.

Mr. ROYBAL. Thank you very much.

[The information follows]

DATA ON DROPOUT RATES FOR LIMITED ENGLISH PROFICIENT STUDENTS

The Department currently has no statistics on dropout rates for limited English proficient students. However, such estimates may be possible in the future using data collected in follow-up to the 1988 National Education Longitudinal Study. Related statistics on dropout rates for language minority students and other groups are provided in response to the earlier question from Mr. Conte.

Mr. NATCHER. Ms. Esquivel, we want to thank you for your appearance before our committee at this time on behalf of your budget request for fiscal year 1991. This has been a good hearing.

Ms. ESQUIVEL. Thank you, Mr. Chairman. And thank you to the members also.

Mr. NATCHER. The committee will now adjourn until 10 o'clock tomorrow morning.

[The following questions were submitted to be answered for the record:]

DEVELOPMENTAL BILINGUAL EDUCATION

Mr. Natcher: Last year, Congress directed the Department to expand its efforts in the area of "developmental" bilingual education. How much will you spend in this area in 1990 and in 1991?

Ms. Esquivel: The Department has allotted $3 million for developmental bilingual education programs in fiscal year 1990 and plans to use the same amount for these projects in fiscal year 1991.

Mr. Natcher: Your statement includes a strongly worded sentence on funding of projects based on "quality rather than instructional approach." Would you explain in more detail what this means, particularly as it relates to the developmental program?

Ms. Esquivel: The Department's basic position is that applications for bilingual education projects, of whatever type, should be judged on the basis of quality rather than the type of approach. Adherence to this philosophy ensures that the most worthy local projects are funded. Therefore, we have resisted congressional earmarks for specific funding categories. In the case of developmental bilingual education, we believe that these projects are less central to the primary purpose of the Bilingual Education Act, which is teaching English to limited English proficient students, than are transitional bilingual education or special alternative instruction. The developmental bilingual education projects to be funded in fiscal year 1990 will be closely monitored to determine their effectiveness in serving limited English proficient students. If solid evidence emerges that these projects are as effective as other projects in serving limited English proficient students, the Department may consider making funds available for all three activities on an equal basis.

BILINGUAL FELLOWSHIPS

Mr. Natcher: The bill language also specifies the number and value of fellowships -- 300 fellowships at a cost of $3 million. Would report language be sufficient in this area?

Ms. Esquivel: Section 7043 of the Bilingual Education Act requires the Department to make 500 fellowship awards annually. Absent specific appropriation language, the Department would be forced to make 500 fellowship awards in 1991 at an approximate cost of $5 million.

IMMIGRANT LEGISLATION

Mr. Natcher: Last year, you submitted a proposal to the authorizing Committee to clarify that Federal immigrant funds should be used to "supplement rather than supplant" local funds. How serious is this problem?

Ms. Esquivel: The Department recently funded an evaluation of the refugee and immigrant education programs. This study should provide information on how these grants are spent. At present, the Department has only scattered, anecdotal data indicating that some LEAs use these grants as general aid rather than for supplementary education programs for eligible students. The final report from this study is due to the Department in September 1991.

NUMBER OF STUDENTS

Mr. Natcher: Would you provide us with some additional background on the various estimates for the number of school age children who need bilingual education services?

Ms. Esquivel: The Department estimates that as of January 1986 there were between 1.2 million and 1.7 million limited English proficient children, aged 5-17 in the United States. This estimate is based on data collected by the Bureau of the Census pursuant to the joint Education Department/Bureau of the Census English Language Proficiency Survey (ELPS). The estimate includes all children who make significant use of a non-English language and who score at or below the 20th percentile on a measure of English language proficiency. Based on actual growth between 1978 and 1982, it seems likely that this population has grown steadily since 1986. The Department intends to update this estimate as soon as possible after 1990 Census data become available.

Subsequent to the ELPS study, the Department has become aware of estimates from other sources that build confidence in the ELPS estimate. These other sources are:

- Based on data from a nationally representative sample of school districts, the "Descriptive Phase" report of the "National Longitudinal Survey of the Effectiveness of Services for Language Minority, Limited English Proficient Students" estimated the number of limited English proficient students during the 1983-84 school year to be between 1.3 million and 1.4 million.
- In reporting to the Office of Bilingual Education and Minority Languages Affairs (OBEMLA), State Educational Agency estimates of this population totalled 1.7 million for the 1988-89 school year.
- In response to a request from the Chairman of the Senate Committee on Labor and Human Resources, GAO polled SEAs and came up with a similar number (1.5 million) for school year 1985-86.

- The National Assessment of Chapter 1 also produced an estimate consistent with the Department's. The study found that during the 1985-86 school year the number of limited English proficient students in the country was 1.4 million.

While some groups have concluded that the number of limited English proficient students is 3 million or more, these estimates are generally based on a much higher level of English language proficiency and sometimes include students who make no use of a non-English language or are outside the normal school-age population. The ELPS study produced evidence that a 1978 estimate of 3.6 million included children between the ages of 0 and 18 and also included children who spoke only English but lived in households where someone spoke a non-English language. The 1978 estimate also used the 43rd percentile on the measure of English language proficiency. By this standard, 43 percent of the Nation's English speaking children would be classified as limited English proficient.

DEMAND FOR NEW BILINGUAL EDUCATION TEACHERS

Mr. Natcher: Your statement talks about the need for training programs. Is this a simple supply/demand issue or are there other critical issues affecting the ability of schools to fill vacancies which exist?

Ms. Esquivel: Several participants in the recent OBEMLA-sponsored forum on personnel needs for districts with changing demographics indicated that even though large numbers of trained bilingual education teachers were needed in the district, actual vacancies existed for a much smaller number. Some districts represented at the conference theoretically "need" more bilingual teachers but are, in actuality, fully staffed with tenured teachers and could not hire additional bilingual education candidates even if more were trained and available for positions. For certain big-city districts, it appeared that their own (and/or their States') teacher certification policies were more to blame, than an unavailability of trained candidates, for perceived shortages; participants from schools of education complained that their graduates were often unable to navigate the "byzantine" personnel systems of cities like Chicago and New York.

Interestingly, a participant from a school district with one of the largest (and fastest-growing) limited English proficient student populations, Dade County, Florida, reported that, because of his district's excellent compensation package and aggressive recruitment policies, they are able to hire all the bilingual education candidates needed. His comments suggest that districts that adopt certain policies may be able to solve their bilingual teacher recruitment problems without increased Federal subsidization of the training system.

The results of this conference suggest that we need to review in-service training programs as well as the operation of programs to train new bilingual teachers in order to better address the personnel needs of many school districts. The

Department plans to further analyze large data bases produced by two National Center for Education Statistics studies, the "Recent College Graduates" survey and the "Schools and Staffing Survey" to find out more about this problem on a national scale. Additional data will be available from the bilingual education educational personnel training evaluation to be completed in May 1991.

NUMBER OF TRAINING GRANTS

Mr. Roybal: School districts across the Nation report a critical shortage of bilingual education teachers. In Los Angeles alone there is a current shortage of more than 2,000 bilingual teachers. I also understand that the New York City Board of Education has opened a permanent office in Puerto Rico to recruit bilingual teachers. Yet your request for training grants for FY 91 is the same as FY 90. How many training grants will be awarded during FY 90? How many in FY 91?

Ms. Esquivel: The fiscal year 1990 appropriation will provide for an estimated 128 educational personnel training grants, 200 bilingual fellowships, 12 training development and improvement grants, 20 short-term training institutes, and 16 multifunctional resource center contracts. The fiscal year 1991 request would provide for 120 educational personnel training grants, 300 bilingual fellowships, 12 training development and improvement grants, 20 short-term training institutes, and 16 multifunctional resource center contracts. In addition to these activities under Part C, local school districts that receive Part A grants also use a significant percentage of their grants for in-service staff training. Successful 1989 Part A applicants estimated that 10 percent of their grants would be allocated for this purpose.

NEW BILINGUAL TEACHERS

Mr. Roybal: Are these grants going primarily to training new teachers?

Ms. Esquivel: Educational personnel training grants frequently train a mix of new bilingual teachers and individuals currently employed as teachers or teacher aides and needing additional coursework for bilingual certification. The 1981 RMC evaluation of this activity, found that the majority of participants were individuals currently in the teaching profession; however, the Department has no data on the characteristics of current participants. A new evaluation of the program, funded in 1989, should produce more current data by May 1991.

Mr. Roybal: What is your office doing to attract new teachers into bilingual education?

Ms. Esquivel: I believe that OBEMLA has made a significant contribution to attracting teachers into the field of bilingual education. This has been done through the educational personnel training program, which typically provides stipends to students while they are enrolled in the program, the short-term training program which has provided in-service training to educational personnel and parents, the multifunctional resource centers which provide a variety of training and technical assistance services, primarily to LEAs, and the information and dissemination services of the National Clearinghouse for Bilingual Education.

BILINGUAL FELLOWSHIP PROGRAM

Mr. Roybal: The interim report on the Bilingual Fellowship Program included data indicating that a significant number of past fellows did not secure employment directly related to the goals of the Bilingual Education Act. Is the experience with the bilingual fellowship program significantly different from other similar fellowship programs in degree completion and in the retention of the graduates in the field of study? For the record, please provide a comparison between the graduation and retention levels among similar fellowship programs.

Ms. Esquivel: Other fellowship programs funded by the Department have been reviewed to identify those that are to some extent similar to the bilingual fellowship program. Several have been found to share certain characteristics, but none are really similar. Unfortunately, in the case of those most similar, data are not available to make the comparison you suggest. However, an evaluation of the Indian Education Fellowship program is currently underway, with a final report scheduled for late this year. This study is expected to produce information that would make possible such a comparison based on degree completion rates.

Mr. Roybal: At what level are the fellowship students trained?

Ms. Esquivel: Individuals may participate in the fellowship program at different graduate levels. Fellowships are awarded for doctoral degrees, masters degrees, education specialist degrees, and the professional diploma.

POST-FELLOWSHIP EMPLOYMENT

Mr. Roybal: What types of positions are available for graduates of the bilingual fellowship program?

Ms. Esquivel: Graduates of the bilingual fellowship program may be employed by institutions of higher education in training classroom teachers, by LEAs as resource teachers, by SEAs, by organizations such as the OBEMLA- funded multifunctional resource centers, the National Clearinghouse for Bilingual Education, and the evaluation assistance centers, and by various other organizations.

Mr. Roybal: How successful are fellowship graduates in obtaining these positions?

Ms. Esquivel: Based on data available at the time of last year's report, it appears that many participants in the bilingual fellowship program had not completed their degrees and many were employed in fields unrelated to the purposes of the Bilingual Education Act. The bilingual fellows supply and demand study, funded late in fiscal year 1988, should provide more current information on outcomes for participants in the bilingual fellowship program.

Mr. Roybal: Do you know how many fellows have remained within bilingual education?

Ms. Esquivel: At the present time we have no information on how long bilingual fellows stay in the field once they fulfill their work requirements. The ongoing evaluation of the bilingual fellowship program may provide some information on this subject.

Mr. Roybal: Of those that did not obtain a position in bilingual education, how many remained in the field of education?

Ms. Esquivel: Judging by the information available at the time of the report, 11 percent of past participants appeared to be employed in an education-related field that was not directly related to bilingual education.

UNDERGRADUATE FELLOWSHIPS

Mr. Roybal: Should fellowships be made available to undergraduate students? If yes, do you need special authorization to expand the program?

Ms. Esquivel: Stipends to assist students in covering living expenses while participating in programs funded under the educational personnel training program are already authorized. Consequently, I believe that it is unnecessary to include undergraduate students within the bilingual fellowship program.

FELLOWSHIP STUDY

Mr. Roybal: When will the supply and demand study funded in FY 88 be completed?

Ms. Esquivel: The bilingual fellows supply and demand study was originally scheduled for completion in June of 1990. However, the questionnaires to be used in this study are now being redesigned, and the study will not be completed on schedule. A revised study schedule is currently being negotiated.

UNSERVED STUDENTS

Mr. Hoyer: The justification indicates that 94 percent of language minority students in the U.S. who were identified as limited English proficient were receiving specifically designed instruction to meet their needs in 1983. How many students are falling through the cracks today?

Ms. Esquivel: The information in the Congressional Justification comes from the "Descriptive Phase" report of the "National Longitudinal Evaluation of the Effectiveness of Services for Language Minority, Limited English Proficient Children." The report concluded that 94 percent of students enrolled in public schools in grades K-6, identified as limited English proficient by school districts, were receiving some kind of special instruction designed to address their lack of English language proficiency. Unfortunately we have no more recent data on the percentage of these students who are being served.

PRINCE GEORGE'S COUNTY PLAN

Mr. Hoyer: The authorities in Prince George's County School System are reviewing the possibility of creating a single campus where there will be an intense yearlong to 18 month effort to provide non-English speaking students with the skills to more effectively use English language skills and benefit from classroom instruction -- to provide more than the usual half hour per day of bilingual instruction. Although the idea is not fully fleshed out, could you comment on the idea, whether other school districts are exploring this kind of approach, and the Department's interest?

Ms. Esquivel: I appreciate your sharing this information on the plans of the Prince George's County School system. However, without more specific information, I can't comment on the plans you describe. Potentially such a program might provide considerable benefit to limited English proficient students, but it would also have to be designed to be consistent with the requirements of Title VI of the Civil Rights Act of 1964.

GRADUATION RATES

Mr Hoyer: The Justification indicates that approximately 20 percent of students in bilingual programs graduate to regular classrooms within one year. What happens to the other 80 percent?

Ms. Esquivel: The data to which you refer come from the "Descriptive Phase" report mentioned above. Data collected in the study indicated that, between the fall 1982 and fall 1983, about 20 percent of the limited English proficient students enrolled in special instructional classrooms were mainstreamed into all-English classrooms. Some of the mainstreamed students may have been in the specially designed instructional program for a year; others may have been in the program for two or more years. The study also found that the average duration of services for limited English proficient students was between 2.5 and 3.5 years.

ETHNIC DIFFERENCES

Mr. Hoyer: Ethnic background seems to greatly influence a parent's attitude towards the use of native languages. What impact do parent attitudes and preferences have on the rates at which limited English proficient students graduate to the regular classroom?

Ms. Esquivel: While the parent attitude study found some difference in the attitudes of different ethnic groups toward the use of native language instruction, it also found that language minority parents uniformly want their children to learn English. Unfortunately, we have no data on the duration of services by ethnic group.

NEED FOR TEACHERS

Mr. Dwyer: The Administration's budget justification indicates that approximately 120 different languages are currently served in bilingual education programs. Are local education agencies able to recruit a sufficient number of teachers who are proficient in these languages?

Ms. Esquivel: The Department is aware that many schools have encountered difficulties in finding staff for bilingual programs, particularly for some of the smaller language groups. While the majority of our training programs are designed to train educational personnel in Spanish, a large number of our projects also train staff in Asian and Native American languages. Successful 1989 applicants for educational personnel training grants planned to train personnel for at least 50 different language groups.

Mr. Dwyer: Do you believe that the amounts requested for support services and training grants will be adequate to ensure that we have enough teachers to serve these children?

Ms. Esquivel: OBEMLA is currently reviewing all training programs to determine how they can be more effective in training personnel who will be employed in classrooms providing instruction to limited English proficient students. With this in mind, we sponsored a national forum on personnel needs for districts with changing demographics. Eight superintendents from key school districts, along with several deans of schools of education and LEA personnel directors attended this forum and provided us with extremely valuable information. I am happy to say that we have already begun to implement policies suggested by forum participants that will bring schools of education and local school districts closer together. These policies should ensure a closer match between participants in our training programs and the needs of school districts that provide services to limited English proficient students.

In regard to the level of funding for Parts B and C, I believe that the amounts requested will be sufficient, in combination with the policy changes we are implementing under

Part C, for meeting the Federal responsibility to assist in training teachers for bilingual classrooms.

FLEXIBILITY

Mr. Dwyer: The budget justification states that new awards for transitional bilingual education and special alternative instruction be based on quality rather than on instructional approach. What percentage of grants are made to transitional bilingual education versus special alternative instruction?

Ms. Esquivel: In 1989, 125 grants (61 percent) were made for new transitional bilingual education projects and 80 (39 percent) were made for new special alternative instructional programs.

Mr. Dwyer: Is this percentage expected to change in coming years?

Ms. Esquivel: We have no information on which to base an estimate of how these percentages will look in 1990 and 1991. Estimates in the Congressional Justification assume that approximately half the funds available for new awards for these two activities will be used for each activity.

MAIN GOAL OF BILINGUAL EDUCATION

Mr. Porter: What is the main goal of bilingual education?

Ms. Esquivel: The primary goal of programs funded under the Bilingual Education Act is to teach English to limited English proficient students and to assist them in meeting grade promotion and graduation standards.

LANGUAGE MAINTENANCE

Mr. Porter: How much emphasis is placed on maintenance of native language and culture?

Ms. Esquivel: In federally funded transitional bilingual education programs, the native language is used only to the extent necessary to teach English and to assist students in meeting grade promotion and graduation standards. In special alternative instructional programs, English may be the only language used. Developmental bilingual education programs also seek to strengthen native language skills of limited English proficient participants and to teach the native language to English proficient students who normally constitute half the students in the class.

NATIVE LANGUAGE-BASED PROGRAMS

Mr. Porter: What information does the Department have regarding the efficacy of federally funded native language based programs?

Ms. Esquivel: The Department has only funded one impact evaluation of federally funded bilingual programs. This study (AIR Study) examined Spanish language projects operating in 1975-1976. The study found that these projects were not particularly effective in teaching English and mathematics. However, this study examined projects funded by the Federal Government during the first few years of Federal funding for bilingual education. Since local school districts have now had up to 20 years to experiment with such programs and design more effective ones, it is likely that a new study would have different findings.

ENGLISH-BASED EDUCATION

Mr. Porter: How do native language based programs compare to English based education? I am specifically interested in English as a second language, structured immersion and sheltered English.

Ms. Esquivel: Since the AIR study, the Department has attempted to review all evaluation data on different instructional methods for serving limited English proficient students. There are data showing that each of the methods you mention can be effective in teaching English and in preparing students to enter all-English classrooms. However, we are aware of no data demonstrating that one method is superior to any other.

CAP ON ALTERNATIVE FUNDING

Mr. Porter: What is the Department's position regarding 75 percent to 25 percent funding of transitional education and alternative methods? How do you justify this position?

Ms. Esquivel: The Department originally proposed legislation to allow local school districts complete freedom to choose the instructional method that is most appropriate under local circumstances. The Congress eventually compromised and adopted the current spending limits for special alternative instructional projects. Demand for special alternative funding has not yet exceeded the amount available under this cap. Consequently the Department has no current plans to propose new legislation to change the law in regard to funding for special alternative instructional programs.

LONGITUDINAL STUDIES

Mr. Porter: I understand that at least two longitudinal studies on bilingual education have been completed in the last year -- contracts 300-87-0156 and T2-88-016-001. When will these be available to the committee?

Ms. Esquivel: The reports to which you refer, "The National Longitudinal Evaluation of the Effectiveness of Services for Language Minority, Limited English Proficient

Children" and the "Longitudinal Study of Immersion, Early-Exit and Late-Exit Transitional Bilingual Education Programs for Language-Minority Children," have not yet been released. In the case of the former, the contractor submitted the final report in December 1989, and we expect to release the study findings this year. Because of the likely impact of the findings of this study, the Department is in the process of arranging for an independent, expert examination of the methods, analyses, and findings. The Immersion Study has also been delayed. The contractor encountered some technical problems in completing the analyses called for in the contract. Consequently, the Department has directed the contractor to correct these problems and to ensure that the findings are based on solid empirical evidence. We expect the additional analyses to be completed in May or June 1990. The Department also plans to submit the data from this study for an independent, expert examination of its methods, analyses, and findings.

IDENTIFICATION OF STUDENTS

Mr. Porter: What criteria are used to identify limited English proficient (LEP) students? What types of tests are used to identify LEP students?

Ms. Esquivel: In 1984 the Department funded a study titled "Selection Procedures for Identifying Students in Need of Special Language Services." The final report concludes that most selection/reclassification approaches currently in use involve several criteria, including: identification of students from homes where a native language is spoken, and assessment of the child's English language skills. Once the child is enrolled in the program, assessment of the child's English language skills continues in order to determine the appropriate time for exit from the special language program. At this stage, English language proficiency is frequently determined both by tests and by teacher judgement. Some of the most commonly used tests are: Language Assessment Battery, Language Assessment Scales, and the Comprehensive Test of Basic Skills.

CRITERION-BASED TEST

Mr. Porter: Does the Department have a criterion-based test that can determine the actual level of English proficiency and achievement of LEP students?

Ms. Esquivel: The Department normally does not develop, market, or endorse specific testing instruments. In regard to limited English proficient students, the Department developed a measure of English language proficiency that was used as a survey instrument by the "Children's English Services Study" (1978) and subsequently by the Bureau of the Census in the "English Language Proficiency Study" (1982). However, this test was developed as a survey instrument rather than a criterion-referenced test.

DURATION OF SERVICES

Mr. Porter: How long should LEP students remain in bilingual education programs?

Ms. Esquivel: The Department has no standard for how long limited English proficient students should remain in bilingual programs. This decision is best left to teachers and other educational personnel who are in a far better position to make such judgments than is the Federal Government. However, the Bilingual Education Act requires local school districts to conduct an individual evaluation of any student they believe should participate in Title VII-funded programs for more than three years. The statute also prohibits projects from retaining children in bilingual programs after the fifth year.

HIGH SCHOOL GRADUATES

Mr. Porter: How many LEP students graduate from high school with impaired English proficiency?

Ms. Esquivel: The Department has never conducted a research study specifically designed to estimate the number of limited English proficient students who graduate from high school with impaired English proficiency. All projects funded under the Bilingual Education Act are specifically designed to teach English and prevent this from happening. A 1979 research study titled "A Descriptive Study of the Classroom Instruction Component of the ESEA Title VII Bilingual Education Program" found that 97 percent of all projects included "increasing their students' English language skills" among their annual objectives.

HIGHER EDUCATION FOR LIMITED ENGLISH PROFICIENT STUDENTS

Mr. Porter: Are there any public institutions of higher education that accept and/or graduate LEP students?

Ms. Esquivel: I am not aware of any institution of higher education in the United States with a program designed for limited English proficient students. However, many universities have remedial English programs designed for foreign students.

INAPPROPRIATE PLACEMENT

Mr. Porter: Are you aware of instances where English proficient students have been inappropriately placed in native language based classes?

Ms. Esquivel: I am not aware of any recent evidence of English proficient students being inappropriately assigned to federally funded bilingual education classes. As you likely know, the Bilingual Education Act expressly provides for the inclusion of English proficient students in transitional bilingual education classes "in order to prevent the segregation of children on the basis of national origin." Furthermore, developmental bilingual education programs, as defined by the Act, are intended to enroll equal numbers of English proficient and limited English proficient students. Both languages are then taught in the classroom and each group learns both languages.

PARENTAL CONSENT

Mr. Porter: What is the Department's policy regarding parental consent when both native language and English language programs are available? Should parents of monolingual English students have the right to require that their children remain in a mainstream English classroom?

Ms. Esquivel: In the case of limited English proficient participants in these programs, the Department enforces section 7021(d)(1)(D) of the Bilingual Education Act that requires parents of students "identified for enrollment in bilingual education programs shall be informed of the reasons for the selection of their child as in need of bilingual education, and the alternative educational programs that are available. [...] Parents shall also be informed that they have the option of declining enrollment of their children in such programs." All projects funded under Part A of the Bilingual Education Act must comply with the requirements of this section.

The parents of those students not identified as in need of the bilingual education program should be notified by the local and State educational agencies of their rights concerning the placement of their children.

DUAL IMMERSION PROGRAMS

Mr. Porter: Are dual immersion programs consistent with the authorizing language of the Bilingual Education Act?

Ms. Esquivel: The statutory definition of developmental bilingual education programs states that such programs shall be designed to "help children achieve competence in English and a second language." I believe this definition is broad enough to cover dual immersion programs.

JUSTIFICATION OF THE BUDGET ESTIMATES

DEPARTMENT OF EDUCATION

Bilingual and Immigrant Education

Fiscal Year 1991 Budget Request ... Page No.

Appropriation language ... D-1

Explanation of language changes ... D-1

Language analysis ... D-2

Amounts available for obligation ... D-3

Budget authority by activity ... D-4

Budget authority by object ... D-4

Summary of changes ... D-5

Authorizing legislation ... D-6

Table of estimates and appropriations ... D-7

Significant items in congressional appropriations reports ... D-8

Justification:

- Account summary ... D-9
- Activities:
  - 1. Bilingual education:
    - a. Bilingual programs ... D-11
    - b. Support services ... D-16
    - c. Training grants ... D-18
  - 2. Immigrant education ... D-22

BILINGUAL[,] AND IMMIGRANT[, AND REFUGEE] EDUCATION

For carrying out, to the extent not otherwise provided, title VII and part D of title IV of the Elementary and Secondary Education Act, [$188,674,000,] $205,537,000, of which $31,913,000 shall be for part C of title VII including not more than [$2,000,000] $3,000,000 for the support of not to exceed [200] 300 fellowships under section 7043: Provided, That of the funds available for title VII, $12,000,000 shall be reserved for school districts experiencing a major recent influx of limited English proficient children, as defined by the Secretary.[1/] (Department of Education Appropriations Act, 1990.)

Explanation of Language Changes

1/ This language reserves funds for a special competition limited to school districts that have recently experienced a major influx of limited English proficient students. Many such school districts have significant concentrations of immigrant and refugee students and have a severe need for special assistance from the Federal Government.

Bilingual and Immigrant Education

Language Analysis

Language Provision	Explanation
...of which $31,913,000 shall be for part C of title VII...	This language overrides the statutory requirement that 25 percent of the total appropriation for the Bilingual Education Act, less the amount for Grants to State educational agencies, be used for part C, Training and Technical Assistance.
...including not more than [$2,000,000] $3,000,000 for the support of not to exceed [200] 300 fellowships under section 7043:	This language overrides the statutory requirement that 500 fellowship awards be made annually.
...Provided, That of the funds available for title VII, $12,000,000 shall be reserved for school districts experiencing a major recent influx of limited English proficient children, as defined by the Secretary.	This language reserves $12,000,000 for a special competition limited to school districts with large numbers of recently arrived limited English proficient students.

Bilingual and Immigrant Education

Amounts Available for Obligation

	1989	1990	1991
Appropriation:			
Annual........................	$197,394,000	$188,674,000	$205,537,000
Unobligated balance lapsing....	-1,085,000	---	---
Total obligations............	196,309,000	188,674,000	205,537,000

Bilingual and Immigrant Education

Budget Authority by Activity

	1989 Appropriation	1990 Appropriation	1991 Request
1. Bilingual education:			
(a) Bilingual programs....	110,761,000	115,779,000	132,642,000
(b) Support services......	10,772,000	10,838,000	10,838,000
(c) Training grants.......	30,413,000	31,913,000	31,913,000
Subtotal.......	151,946,000	158,530,000	175,393,000
2. Immigrant education.......	29,640,000	30,144,000	30,144,000
3. Refugee education.........	15,808,000	—	—
Total................	197,394,000	188,674,000	205,537,000

Budget Authority by Object

	1989 Appropriation	1990 Appropriation	1991 Request
Other services..............	$14,891,000	$15,096,000	$15,139,000
Grants, subsidies, and contributions............	182,503,000	173,578,000	190,398,000
Total..............	197,394,000	188,674,000	205,537,000

Bilingual and Immigrant Education

Summary of Changes

1990 Appropriation	$188,674,000
1991 Request	205,537,000
Net change	+16,863,000

	1990 base	Change from base
Increase:		
Program:		
1. Increase in funding for Part A, Bilingual programs to fund a projected 152 more projects serving 41,350 more students; 95 of these awards would be under a special competition for districts that have experienced a major, recent influx of limited English proficient children	$115,779,000	$16,863,000
Net change		+16,863,000

Bilingual and Immigrant Education

Authorizing Legislation

Activity	1990 Authorized	1990 Appropriation	1991 Authorized	1991 Request
Bilingual education:				
Bilingual programs (ESEA, VII, Part A)............................	1/	$115,779,000	1/	$132,642,000
Support services (ESEA, VII, Part B)............................	Indefinite	10,838,000	Indefinite	10,838,000
Training grants (ESEA, VII, Part C)	2/	31,913,000	2/	31,913,000
Immigrant education (ESEA, IV, Part D)..	Indefinite	30,144,000	Indefinite	30,144,000
Total definite authorization........	---		---	
Total appropriation.................		188,674,000		205,537,000

1/ Section 7002(b)(4) of the law requires that at least 60 percent of the total appropriation (after funds for State educational agency grants have been subtracted) be reserved for Part A programs.

2/ Section 7002(b)(5) of the law reserves a minimum of 25 percent of the total appropriation (after funds for State educational agency grants have been subtracted) for Part C programs.

Bilingual and Immigrant Education

Table of Estimates and Appropriations

	Budget Estimate to Congress	House Allowance	Senate Allowance	Appropriation 1/
1982	$143,810,000	$143,810,000	$143,810,000	$138,058,000
1983	94,534,000	138,057,000	138,057,000	138,057,000
1984	94,534,000	142,057,000	139,000,000	169,215,000
1985	139,245,000	143,656,000	142,245,000	172,951,000
1986	142,951,000	172,951,000	143,000,000	172,951,000
1986 Sequester				-7,430,000
1987	142,951,000	179,637,000	138,955,000	173,095,000
1988	143,095,000	198,981,000	198,981,000	190,504,000
1988 Reappro.	---	---	---	1,247,000
1989	200,504,000	201,782,000	197,009,000	197,394,000
1990	204,106,000	194,761,000	182,586,000	188,674,000
1991	205,537,000			

1/ Reflects enacted supplementals, rescissions, and reappropriations in amounts appropriated prior to fiscal year 1985.

Bilingual and Immigrant Education

Significant Items in Congressional Appropriations Reports

Item	Action taken or to be taken
1990 House Report	
The Committee provided a $5,000,000 increase over the request level for Part A, indicating that it should be used for developmental bilingual projects. Similarly, the Conferees indicated that $5,018,000 should be used for developmental bilingual projects.	The Department's policy is to emphasize transitional bilingual education and special alternative instruction. These programs are more central than are developmental programs to the primary purpose of the Bilingual Education Act -- to teach English to limited English proficient students. Therefore, the Department requested no funds for developmental bilingual education in 1990. However, in response to congressional interest, $3,000,000 is being allocated to developmental bilingual education programs in 1990.
1990 Senate Report	
The Committee indicated that Part A funds should continue to be used for projects exclusively designed to teach English to limited English proficient students and to assist them in meeting grade promotion and graduation standards.	The Senate report language, which would have permitted no funds to be used for developmental programs, was superceded by the Conference report language which indicated that $5,018,000 should be used for developmental bilingual education.

Bilingual and Immigrant Education

Account Summary

	1989 Appropriation	1990 Appropriation	1991 Request
1. Bilingual education:			
a. Bilingual programs..........	$110,761,000	$115,779,000	$132,642,000
b. Support services............	10,772,000	10,838,000	10,838,000
c. Training grants.............	30,413,000	31,913,000	31,913,000
Subtotal.............	151,946,000	158,530,000	175,393,000
2. Immigrant education............	29,640,000	30,144,000	30,144,000
3. Refugee education..............	15,808,000	---	---
Total.........................	197,394,000	188,674,000	205,537,000

Bilingual and Immigrant Education programs are an integral part of the Department's campaign to confront the Nation's educational deficit. These programs address the educational problems of limited English proficient students. Such students currently drop out of school at alarming rates, thus depriving the country of the significant human potential of these children. When bilingual programs are successful in assisting students to make the transition to regular classrooms, they help those students stay in school and complete their education, and thus help to reduce the Nation's educational deficit. This important objective was recently endorsed at the Education Summit in Charlottesville, Virginia, when the President and the Nation's Governors committed themselves to establishing goals related to "the reduction of the dropout rate and the improvement of academic performance, especially among at-risk students."

As a component of the Administration's commitment to serving at-risk students, the fiscal year 1991 request for this account is $16.9 million more than the 1990 appropriation, a 9 percent increase. The additional funds will be allocated to Part A of the Bilingual Education Act, which provides direct educational services to at-risk students. (Funding for Parts B and C, and for Immigrant Education would be held at the 1990 levels.) Of this increase, $12 million will be used for a special competition limited to school districts experiencing a major, recent influx of limited English proficient students. These districts often need special assistance in coping with short-term difficulties which this special competition will help them overcome.

Bilingual and Immigrant Education

Account Summary--Continued

In 1991, the Department intends to continue its policy of making, to the extent possible under the law, new awards for transitional bilingual education and special alternative instruction on the basis of quality rather than instructional approach. This policy is consistent with the Hawkins-Stafford Elementary and Secondary School Improvement Amendments of 1988 which provided additional flexibility to local educational agencies to select the most appropriate instructional method. The Department began implementation of this new flexibility with the 1989 awards process.

The Bilingual Education Act authorizes three distinct kinds of activities. Under Bilingual Programs (Part A), educational services are provided to students. These awards, primarily to school districts, are designed to assist limited English proficient students in learning English and in meeting grade promotion and graduation standards. Under Support Services (Part B), awards are made to a variety of recipients for data collection and technical assistance, research, and the dissemination of information on educational services for limited English proficient students. Under Training Grants (Part C), awards are made for in-service and pre-service training of educational personnel. In all three activities, the goal is to provide Federal assistance for a limited time so that local schools, States, and institutions of higher education can build their capacity to operate programs on a continuing basis when Federal assistance is reduced or no longer available. Since the program began in 1969, almost $2.4 billion has been appropriated to meet the goals of the Act.

The English Language Proficiency Survey, conducted for the Department by the Bureau of the Census during the period 1981 to 1984, collected data on the English language proficiency of a nationally representative sample of language minority children. Based on an extensive analysis of these data, the Department of Education estimates that as of January 1986, between 1.2 million and 1.7 million children, aged 5-17, lived in language minority households, made substantial use of a language other than English, and were limited English proficient. These are the children most likely to benefit from services under the Bilingual Education Act. This estimate is consistent with estimates provided by State educational agencies in 1987 and the 1988 National Chapter 1 Study.

In 1990, approximately $233,000 appropriated for Part A and Part C will be used to help fund the cost of using field readers to review discretionary grant applications. In 1991, an estimated $276,000 will be used.

The Immigrant Education program provides assistance to LEAs for educational services to eligible immigrant students, most of whom are limited English proficient. Last year, the Department proposed legislation to add "supplement not supplant" language so that this program would be more effective at meeting the special needs of recent immigrant students. The Department continues to support this proposal.

Bilingual and Immigrant Education

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1. Bilingual education: a. Bilingual programs
(Elementary and Secondary Education Act, Title VII, Part A)

1991 Authorization: 1/

Budget Authority:

1990 Appropriation	1991 Request	Increase or Decrease
$115,779,000	$132,642,000	+$16,863,000

1/ ESEA Section 7002(b)(4) reserves at least 60 percent of the total Bilingual Education appropriation (minus funds for State educational agency grants) for Part A.

Purpose and Method of Operation

Under Bilingual Programs (Part A), Federal grants build local capacity to provide appropriate educational services to limited English proficient children. Programs are designed to teach English and to help these children enter all-English educational programs as quickly as possible. Projects also assist students in meeting grade promotion and graduation requirements. Although most awards are made to school districts, institutions of higher education and private non-profit organizations also participate.

Under Part A, six separate activities are authorized.

- Transitional bilingual education projects must make provision for native language instruction to the extent necessary to allow participants to achieve competence in English and to meet grade promotion and graduation requirements.

- Developmental bilingual projects teach English but also strengthen or develop native language skills. Half the students in developmental projects are intended to be native speakers of English learning the non-English language of the classroom.

- In special alternative instructional projects, classwork is presented in English but is specifically designed for limited English proficient children.

- Academic excellence projects facilitate the dissemination of effective bilingual education practices.

Purpose and Method of Operation -- Continued

- Family English literacy projects are designed to teach English to limited English proficient adults (primarily parents of children in bilingual projects) and out-of-school-youth.

- Under the special populations activity, bilingual preschool, special education, and gifted and talented projects are funded.

During most of the life of the program, the Department promoted instructional methods that relied heavily on use of the native language as the medium of instruction. These programs, generally referred to as transitional bilingual education, typically provide most coursework initially in the native language but, over time, English becomes the language of instruction. While research and evaluation efforts have shown that transitional bilingual education programs can have a positive effect on student achievement, research findings do not demonstrate that these programs are any more effective than alternative programs such as immersion or English-as-a-second language.

In 1987, the Department proposed legislation to provide additional flexibility to LEAs to select the instructional method most appropriate to local circumstances. A significant increase in flexibility was provided by the Hawkins-Stafford Elementary and Secondary Education Improvement Amendments of 1988. Up to 25 percent of the Part A appropriation may now be spent for special alternative instructional programs that need not use the native language. This new flexibility was implemented in the 1989 grants process.

This is a current-funded program for which funds are available from October 1 to September 30. Funds appropriated and awarded in one fiscal year are generally used for activities carried out in the following fiscal year. Grants are awarded on the basis of national competition.

Accomplishments

In 1989, the Department made 749 awards for projects serving an estimated 249,000 students. Approximately 120 different languages were served. Of all students, 62 percent were Spanish speaking, 22 percent spoke Asian languages, 9 percent spoke Native American Languages, and 5 percent spoke other European languages. Awards ranged from $16,500 to $488,000, and the average award was approximately $148,000. Transitional bilingual education continued to be the primary activity, receiving 75 percent of Part A resources. Special alternative instructional programs received 13 percent of Part A funds with the remaining 12 percent shared by four other authorized activities.

Since the beginning of the Federal Bilingual Education program in 1969, educational services for limited English proficient students have grown dramatically. While such services were rare in the 1960's, a Department of

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Accomplishments -- Continued

Education funded study found that, in 1983, 94 percent of the language minority students in the U.S. who were identified by school districts as limited English proficient, were receiving instruction specifically designed to meet their needs. This instruction might be transitional bilingual education, English-as-a-second- language, or some other method. This study, the "National Longitudinal Evaluation of the Effectiveness of Services for Language Minority, Limited English Proficient Students," collected data on teachers, schools, and students over a five-year period. The study also found that some 44,300 teachers, of whom 60 percent had received relevant college or inservice training, were serving these limited English proficient students. On average, 20 percent of students in bilingual programs graduated to regular classrooms each year. However, this percentage varied among schools; students attending schools with high concentrations of these children graduated at a slower rate.

The study also found differences in instructional method by students' ethnic group. Programs for Hispanic students spent, on average, almost five more hours per week on native language reading, oral language development, and ethnic studies than did programs for other limited English proficient children. Significantly less time was spent on English and math instruction for Hispanics than for other ethnic groups. The final report for this study is expected in early 1990.

Ethnic differences were also found in the recently completed Parent Preference Study. This survey, conducted for the Department by the Educational Testing Service, collected information on the views of a representative sample of Mexican-American and Asian-American language minority parents. The study found that Mexican-American parents were more enthusiastic than Asian parents about using the native language in educational programs serving language minority children. More specifically:

- While 43 percent of Mexican-American parents thought that teaching in the non-English language interferes with learning English, 60 percent of Asian parents believed this is true.
- While 47 percent of Mexican-American parents thought mathematics and science instruction should be in the non-English language if that would help students learn those subjects better, only 24 percent of Asian parents agreed.
- While 28 percent of Mexican-American parents thought children should be taught to read only in English, 67 percent of Asian parents favored this approach.
- The study also found that virtually all language minority parents felt that it is very important for their children to speak English well.

Bilingual and Immigrant Education

1. Bilingual education: a. Bilingual programs

1991 Budget Proposal

For Bilingual Programs (Part A), $132,642,000 is requested, $16,863,000 more than the 1990 appropriation. The increase will provide funding to an estimated additional 152 projects serving 41,350 students. Of this increase, $12,000,000 will be used for a special competition limited to school districts experiencing a major recent influx of limited English proficient children. These districts often need special assistance in coping with short-term difficulties which this special competition will help them overcome. The special competition would be in addition to the regular transitional bilingual education and special alternative instructional program competitions which together would absorb most of the remaining increase.

The Department will continue to administer Part A programs in accordance with the flexibility authorized by the Hawkins-Stafford Elementary and Secondary School Improvement Amendments. The primary activities within Part A will continue to be transitional bilingual education and special alternative instruction.

To the maximum degree permissible under the law, awards for new transitional bilingual education and special alternative instructional projects will be made on the basis of the quality of the application rather than the instructional approach to be used.

While developmental projects are not as consistent with the primary purpose of the Bilingual Education Act as transitional bilingual education and special alternative instruction, the Department believes they can be effective in serving limited English proficient students. The Department requested no 1990 funding for developmental bilingual education, but in response to Congressional interest in these programs, $3,000,000 has been allocated in 1990 and is requested in 1991. The estimated 17 projects will be closely monitored to learn more about their effectiveness in assisting limited English proficient students.

The 1991 request for family English literacy is $5,500,000, which is $561,000 more than in 1990. The primary goal of these projects is to assist parents in learning English and participating in the education of their children.

Other Part A activities will be continued at their 1990 levels.

Impact Data ($ in thousands)	1989	1990	1991
Special Competition	---	---	$12,000
Number of projects	---	---	95
Number of students	---	---	29,000
Transitional Programs	$82,926	$79,875 1/	$76,207 1/
Number of projects	517	498	475
Number of students	194,469	187,300	178,700

Bilingual and Immigrant Education

1. Bilingual education: a. Bilingual programs

Impact Data ($ in thousands)	1989	1990	1991
Developmental Programs	$250	$3,000	$3,000
Number of projects	2	17	17
Number of students	254	3,050	3,050
Alternative Programs	$14,715	$18,065 1/	$26,035 1/
Number of projects	142	175	251
Number of students	36,579	45,000	64,700
Academic Excellence	$1,692	$3,000	$3,000
Number of projects	11	20	20
Family English Literacy	$4,566	$4,939	$5,500
Number of projects	34	37	41
Number of students	10,049	10,850	12,100
Special populations	$6,612	$6,900	$6,900
Number of projects	43	45	45
Number of students	7,655	7,970	7,970
Total — BA	$110,761	$115,779	$132,642
Total — Projects	749	792	944
Total — Students	249,006	254,170	295,520

1/ These estimates assume that of all funds available for new grants under transitional bilingual education and special alternative instruction, approximately half will go to each activity. Actual experience in 1990 and 1991 may differ significantly from these estimates.

Bilingual and Immigrant Education

1. Bilingual education: b. Support services
(Elementary and Secondary Education Act, Title VII, Part B)

1991 Authorization: Indefinite

Budget Authority:

1990 Appropriation	1991 Request	Increase or Decrease
$10,838,000	$10,838,000	---

Purpose and Method of Operation

Part B of the Bilingual Education Act authorizes grants to State educational agencies (SEAs); awards for evaluation assistance centers; contracts for research and evaluation; and a contract for a national clearinghouse to collect, analyze, and disseminate information about programs for limited English proficient students.

Grants to SEAs are primarily for data collection and reporting, but other activities related to improving educational services for limited English proficient children are also authorized. Under current law, the minimum SEA award is $75,000, and no award can exceed 5 percent of the sum provided for all local projects within the State in the previous year.

Evaluation assistance centers provide technical assistance to local school districts in evaluating local projects and in identifying the educational needs and competencies of limited English proficient students. Two centers are currently in operation. One center serves the eastern half of the country, the other the western half.

The studies and evaluations activity provides funds for studies designed to provide a basis for policy decisions and provide information for program administration.

The clearinghouse provides reference and referral services, and bibliographic search services principally to practitioners, such as teachers and other educational personnel. The clearinghouse maintains a data base of information on educational services for limited English proficient students and participates in an information dissemination network with the multifunctional centers (which are described in the Part C activity request). The clearinghouse also publishes a newsletter.

This is a current-funded program for which funds are available from October 1 to September 30. For the most part, funds appropriated and awarded in the one fiscal year are used for activities carried out in the following fiscal year.

Bilingual and Immigrant Education

1. Bilingual education: b. Support services

Accomplishments

Under studies and evaluations, the Department has funded a variety of research efforts that have increased understanding of the needs of limited English proficient students and the instructional services they receive. The findings of some of these studies are discussed under Part A and Part C. Two major studies are nearing completion: the National Longitudinal Evaluation of the Effectiveness of Services for Language-Minority, Limited English Proficient Students; and the Longitudinal Study of Immersion Programs for Language Minority Children. Other ongoing studies include: a study of Innovative Approaches for Educating Limited English Proficient Students; a Descriptive Study of Exemplary Alternative Programs; and the Bilingual Fellows Supply and Demand Study; an Evaluation of Personnel Training programs; a Descriptive Analysis of Capacity Building; a Descriptive Study of Adult English Instruction; a Descriptive Study of the Immigrant and Refugee Education Programs; and a Review of Local Title VII Evaluation and Improvement practices.

1991 Budget Proposal

For Part B, Support Services, a total of $10,838,000 is proposed, the same as the 1990 appropriation level. Within Part B, all activities will be level funded. In fiscal year 1991 research funds will be used to continue ongoing studies, perform secondary analysis of several large data bases, and fund the first phase of a major new impact study.

Impact Data	1989	1990	1991
Grants to SEAs	$6,040,000	$5,975,000	$5,975,000
Number of projects	52	52	52
Evaluation assistance centers	$1,115,000	$1,246,000	$1,246,000
Number of projects	2	2	2
Studies and evaluations	$2,551,551	$2,617,000	$2,617,000
Clearinghouse	$1,065,449	$1,000,000	$1,000,000
Total — BA	$10,772,000	$10,838,000	$10,838,000

Bilingual and Immigrant Education

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1. Bilingual education: c. Training grants
   (Elementary and Secondary Education Act, Title VII, Part C)

1991 Authorization: 1/

Budget Authority:

1990 Appropriation	1991 Request	Increase or Decrease
$31,913,000	$31,913,000	---

1/ ESEA Section 7002(b)(3) reserves 25 percent of the total bilingual education appropriation (minus funds for State educational agency grants) for Part C.

Purpose and Method of Operation

Part C of the Bilingual Education Act authorizes training and technical assistance activities through grants and contracts. These activities are intended to increase the pool of trained teachers and strengthen the skills of teachers currently providing instruction to limited English proficient children.

- Educational personnel grants to institutions of higher education support degree and non-degree training in fields related to instructional services for limited English proficient children. This program seeks to increase the supply of new teachers and teacher aides and to upgrade the qualifications and skills of existing educational personnel.

- The fellowship program provides grants to graduate students at participating institutions of higher education. For the period 1979 to 1985, most fellows were at the doctoral level. The current policy is to award fellowships for pursuit of both master's and doctoral degrees. Fellows must work in a field related to the purposes of the Act for a period of time equal to that of the fellowship, or repay the amount of the fellowship.

- Training development and improvement provides small grants to institutions of higher education to encourage the reform, innovation, and improvement of higher education programs that train teachers of limited English proficient students. Activities may relate to education curricula, the structure of the academic profession, or the recruitment and retention of higher education faculties.

Purpose and Method of Operation--Continued

- Short-term training institutes provide in-service training for educational personnel or parents of children participating in programs for limited English proficient students. Institutes are funded through grants to institutions of higher education, private organizations, school districts, and State educational agencies.
- Multifunctional resource centers conduct training activities and also provide technical assistance, primarily to local educational agencies. They are linked through a network with the national clearinghouse on bilingual education to ensure effective coordination and prevent duplication of effort. The centers provide assistance for all language groups in the region that they serve.

This is a current-funded program for which funds are available from October 1 to September 30. Funds appropriated and awarded in one fiscal year are generally used for activities carried out in the following fiscal year.

Accomplishments

Educational personnel grants to institutions of higher education for training teachers, teacher aides, parents, and administrators totaled 140 in 1989. A report on this program (RMC Research Corporation, 1981) found that many of the participants were teachers and aides who were improving their credentials, rather than persons preparing to become first-time teachers. The same report found that the training programs do not focus strongly on methods of teaching English. A typical master's degree program included courses in: teaching reading and other subjects in the native language (20 percent of curriculum), culture and ethnic studies (19 percent), issues in bilingual education (16 percent), linguistics (8 percent), and teaching English (7 percent). The Department awarded a contract for a new evaluation of bilingual teacher training programs funded under the Bilingual Education Act in fiscal year 1989. The final report from this study is expected by May 1991.

The 1989 Appropriations Act barred the Department from making bilingual fellowship awards until, first, the Department submitted an interim report on the fellowship program, and, second, these funds were released "under further statutory Act of Congress." Congress subsequently directed the Department to use funds originally set aside for the fellowship program to make additional awards under the educational personnel training program.

Accomplishments--Continued

The Department summarized all available data on the bilingual fellowship program in its interim report dated May 19, 1989. The report includes data indicating that a significant number of past fellows did not secure employment directly related to the goals of the Bilingual Education Act. Data in the report also show that 86 percent of the past fellows were complying with their contractual agreement to work in an appropriate field or repay the grant, but 10 percent were in default. (The status of another 4 percent could not be determined.) For the period 1979-1986, 42 percent of doctoral fellows received their degree.

The Department has recently taken several steps to improve the efficiency of the bilingual fellowship program. The Department now has a tracking system for all fellows who entered the program since 1979. This system makes possible a running tabulation of the repayment status of all past fellows. In the future, it will also enable the Department to keep track of degree completion rates and post-fellowship employment. In addition, the Department's Financial Management Service now has a system dedicated to tracking fellows scheduled to repay their fellowships. Finally, the forthcoming supply and demand study, funded in fiscal year 1988, should provide information relevant to estimating the need for additional persons with graduate training in the education of limited English proficient students. The Department anticipates that this study will answer questions about the continuing need for a Bilingual Fellowship program.

Pursuant to language in the 1990 Appropriations Act, the Department will make 200 fellowship awards in 1990.

1991 Budget Proposal

For Training Grants (Part C) a total of $31,913,000 is proposed, the same as the 1990 appropriation level. Funding for bilingual fellowships will be increased by $1 million while educational personnel training funds will be decreased by the same amount. The fellowship increase will make possible a small number of new awards in 1991 as well as to continue current fellows. The other three Part C activities will be level funded. This proposal reflects the Department's policy of allocating all available resources to Part A where they provide direct services to at-risk students. Over the life of the program, the Department has invested almost $490 million in training activities and has assisted in building the capacity of some 250 institutions of higher education to operate bilingual teacher training programs. In addition to Part C funds, training of bilingual education personnel is funded through Part A LEA grants. Successful applicants for 1989 new and continuation grants projected that 10 percent of their grants would be used for training. Based on these data, the Department estimates that Part A funds finance in-service training for at least 5,300 local instructional personnel annually in school district projects. Consequently, the Department believes that the requested level is sufficient to meet the overall need for training activities.

Bilingual and Immigrant Education

1. Bilingual education: c. Training grants

Impact Data	1989	1990	1991
Educational personnel	$18,431,653	$16,813,000	$15,813,000
Number of projects	140	128	120
Fellowships	---	$2,000,000	$3,000,000
Number of fellows	---	200	300
Training development	$937,626	$1,000,000	$1,000,000
Number of projects	11	12	12
Training institutes	$1,043,721	$1,900,000	$1,900,000
Number of projects	11	20	20
Multifunctional centers	$10,000,000	$10,200,000	$10,200,000
Number of projects	16	16	16
Total -- BA	$30,413,000	$31,913,000	$31,913,000

2. Immigrant education
(Elementary and Secondary Education Act, Title IV, Part D)

1991 Authorization: Indefinite

Budget Authority:

1990 Appropriation	1991 Request	Increase or Decrease
$30,144,000	$30,144,000	---

Purpose and Method of Operation

The Immigrant Education program provides grants to local educational agencies (LEAs) enrolling substantial numbers of recent immigrant students. Participation is limited to districts with at least 500 such students or where immigrant children represent at least 3 percent of the enrollment. Funds are channeled through State educational agencies which award subgrants to LEAs on the basis of the number of immigrant children enrolled. This is a current-funded program for which funds are available from October 1 to September 30. Funds appropriated and awarded in one fiscal year are generally used for activities carried out in the following fiscal year.

Accomplishments

Immigrant Education grants were made to 31 States in fiscal year 1989; the same number of grants is expected in 1990. Under current law, these funds can be used for any purpose relating to the education of immigrant students. Consequently, the Department has no current basis for evaluating the program's impact on the quality of educational services for immigrant students. However, the Department funded a descriptive study of the Immigrant and Refugee Education programs in fiscal 1989 and expects to receive the final report from this study by September 1991.

1991 Budget Proposal

The Department proposes to fund this activity at $30,144,000, the same level as the 1990 appropriation. Last year the Department submitted legislation to require that Immigrant Education grants supplement, but not supplant, local funding. Under the proposed legislation funds could only be used to meet the special needs of immigrant students rather than simply reimbursing local school districts for the cost of providing basic instruction. The Department continues to support this legislation, which will make this program more effective in meeting the needs of recent immigrant students.

Bilingual and Immigrant Education

2. Immigrant education

Impact Data	1989	1990	1991
Estimated number of States..	31	31	31
Estimated number of children counted..................	478,172	478,172	478,172

Bilingual and Immigrant Education

2. Immigrant Education

Distribution of Budget Authority by State 1986 - 1989 1/

State or Outlying Area	1986	1987	1988	1989
TOTAL	$28,710,000	$30,000,000	$29,969,000	$29,640,000
Alabama	—	—	—	—
Alaska	—	—	—	—
Arizona	337,717	478,253	576,077	593,675
Arkansas	—	—	—	—
California	13,907,530	14,920,920	13,535,052	14,199,117
Colorado	201,741	226,258	172,642	119,720
Connecticut	152,060	158,586	162,892	187,962
Delaware	—	—	—	—
Florida	1,052,556	1,445,278	1,094,688	1,217,612
Georgia	87,664	115,907	62,484	58,779
Hawaii	258,236	243,733	257,481	194,475
Idaho	—	—	—	—
Illinois	1,375,990	1,354,881	1,205,661	1,265,502
Indiana	—	—	—	—
Iowa	26,476	—	—	—
Kansas	77,337	80,977	41,575	37,789
Kentucky	—	—	—	—
Louisiana	162,594	263,075	244,916	164,167
Maine	—	—	—	—
Maryland	447,157	575,831	573,819	614,632
Massachusetts	619,888	867,133	766,806	898,204
Michigan	188,569	172,734	166,312	204,757
Minnesota	170,882	167,222	127,765	109,836
Mississippi	49,338	—	—	—
Missouri	50,281	47,071	43,652	33,682
Montana	—	—	—	—
Nebraska	—	—	—	—
Nevada	—	—	—	—
New Hampshire	—	—	—	—
New Jersey	765,959	901,465	856,898	926,803
New Mexico	197,806	180,876	165,302	164,178
New York	3,513,880	3,346,286	3,571,857	3,635,437
North Carolina	—	—	—	—
North Dakota	—	—	—	—
Ohio	369,882	127,059	102,784	94,144

Bilingual and Immigrant Education

2. Immigrant Education

Distribution of Budget Authority by State 1986 - 1989

State or Outlying Area	1986	1987	1988	1989
Oklahoma	---	$42,703	$37,666	$28,996
Oregon	$68,394	73,059	84,482	80,331
Pennsylvania	---	144,149	145,483	179,645
Rhode Island	184,954	254,955	242,710	358,451
South Carolina	---	---	---	---
South Dakota	---	---	---	---
Tennessee	93,428	92,004	104,054	68,625
Texas	2,954,066	2,048,857	3,891,798	2,485,417
Utah	129,359	96,904	110,607	96,803
Vermont	---	---	---	---
Virginia	537,689	698,027	636,354	624,405
Washington	384,704	372,827	470,638	463,435
West Virginia	---	---	---	---
Wisconsin	49,097	46,037	42,128	77,562
Wyoming	---	---	---	---
District of Columbia	248,393	282,441	297,434	319,458
Puerto Rico	146,373	184,492	176,983	136,401

1/ Funds are distributed based on the State's percentage of all eligible immigrant students.

TUESDAY, FEBRUARY 27, 1990.

STUDENT FINANCIAL ASSISTANCE AND GUARANTEED STUDENT LOANS

WITNESSES

LEONARD J. HAYNES, III, ASSISTANT SECRETARY FOR POSTSECONDARY EDUCATION

ROBERTA B. DUNN, DEPUTY ASSISTANT SECRETARY FOR STUDENT FINANCIAL ASSISTANCE, OFFICE OF POSTSECONDARY EDUCATION

SALLY KIRKGASLER, DIRECTOR, POLICY DEVELOPMENT STAFF, OFFICE OF POSTSECONDARY EDUCATION

SALLY H. CHRISTENSEN, DIRECTOR, BUDGET SERVICE, OFFICE OF PLANNING, BUDGET AND EVALUATION

ROBERT DAVIDSON, DIRECTOR, POSTSECONDARY ANALYSIS DIVISION, BUDGET SERVICE, OFFICE OF PLANNING, BUDGET AND EVALUATION

INTRODUCTION OF WITNESSES

Mr. NATCHER. At this time, we take up the budget request for the fiscal year 1991 for student financial assistance and guaranteed student loans.

We have before the committee Mr. Leonard Haynes. Mr. Haynes, before you give us your statement, tell us who you have at the table.

Mr. HAYNES. Good morning, Mr. Chairman, and members of the committee. I am joined for this hearing by Dr. Roberta Dunn, Deputy Assistant Secretary for Student Financial Aid; Ms. Sally Kirkgasler, Director of the Policy Development Staff, Office of Postsecondary Education; Ms. Sally Christensen, Director of the Budget Service, Office of Planning, Budget and Evaluation; and Mr. Robert Davidson, Director, Postsecondary Analysis Division, Budget Service, Office of Planning, Budget and Evaluation.

Mr. NATCHER. We are glad to have all of you before the committee. Mr. Haynes, we will be pleased to hear from you at this time.

STUDENT ASSISTANCE BUDGET REQUEST FOR 1991

Mr. HAYNES. Thank you very much.

Mr. Chairman, with your permission what I will do is to summarize my statement and submit the full text for entry into the record.

Mr. Chairman and members of the committee, our budget request for fiscal year 1991 is nearly $9,500,000,000, which we estimate will provide in excess of $18,000,000,000 to needy postsecondary students. This budget will assure access to a postsecondary education for the financially disadvantaged by providing 9,782,000 awards for grant, loan and employment assistance to an estimated 5,857,000 students.

Additionally, it enlarges the scope of our default reduction initiative by including a number of proposals designed to safeguard the Federal investment in these programs by affording increased protection to the student consumer, requiring greater institutional accountability, and further addressing the still unacceptably high level of defaults and the issues of rights and responsibilities.

Fair play for students is at the core of our efforts to reduce defaults. Consequently, we are proposing to require any school with a default rate greater than 30 percent to implement a pro rata refund policy for any Title IV aid recipient who withdraws during the first few weeks of class.

Second, to protect individuals from high pressure sales techniques, we are proposing to prohibit schools from employing anyone other than salaried employees or volunteers in recruiting or admissions activities.

Finally, we are proposing to modify the "ability to benefit" provision so that passing a test formulated and administered by an independent third party would be a condition for eligibility for Title IV aid for any admitted students without a high school diploma or its recognized equivalent. These proposals would discourage institutions from enrolling academically ill-prepared individuals, thus protecting students as well as taxpayers from unscrupulous institutional practices and lessening the opportunity for program abuses.

We are proposing additional default reduction and enhanced collection measures which are unique to the loan programs. The 1991 budget proposes to require lenders and institutions to check routinely the credit histories of all prospective borrowers who are age 21 or over.

If the borrower has a poor credit history, the loan could be granted only if a creditworthy co-signer were obtained. Those with no credit history, the vast majority of student borrowers, would not be affected. Thus, access to loan assistance would not be obstructed.

We also propose requiring institutions to collect from the student more information that would assist in locating the borrower, thereby improving the collection potential of loans. This information would include the borrower's driver's license number, address of next of kin, expected address upon graduation, and the name and address of the borrower's prospective employer.

PELL GRANTS

The Pell Grant program request is $5,277,000,000, an increase of $472,500,000 over the 1990 appropriation, in order to fully fund the Pell Grant program at a maximum award level of $2,300. This request sustains the maximum award in effect for 1990–1991, including funding for less-than-half-time students, and provides funds to cover the funding shortfalls of $371,000,000 from prior years, all of which demonstrate the Department's commitment to maintaining grant support for the neediest students. This request would provide assistance to an estimated 3,389,000 students, 175,000 more than the current year, who would receive grants averaging $1,443.

SUPPLEMENTAL EDUCATIONAL OPPORTUNITY GRANTS

The budget request for the Supplemental Educational Opportunity Grant program is $458,600,000, which maintains the current Federal funding level. However, the aid available to students under this program would increase by $27,400,000 and the number of students participating in the program would increase by 18,000 students in academic year 1991–1992 compared with that available in 1990–1991, due to the higher institutional match required by statute. The Federal funds, together with the required institutional match, would provide grants averaging $740 to 696,000 students.

WORK-STUDY

The fiscal year 1991 request for Work-Study is $601,800,000, the same level of funding as in 1990. In academic year 1991-1992, the total aid available under the Work-Study program is expected to be $823,200,000, which would provide average earnings of $945 to 871,000 students.

INCOME CONTINGENT LOANS

For the Income Contingent Loan program, the budget proposes $15,000,000 in new capital contributions for fiscal year 1991, an increase of $10,100,000 over the funding level in academic year 1990–1991. This amount would support awards in academic year 1991–1992.

The 1991 budget request, when supplemented by institutional matching contributions, would provide approximately $16,000,000 in new loans, averaging $2,500, to approximately 6,000 student borrowers.

Two important program changes are being proposed in order to expand institutional and student participation. The first would make graduate students eligible to borrow. The second proposed change would remove the current 10-institution limit on participation and permit consortia of institutions to participate.

Enhanced access to these loans is an important element in the overall effort to reduce defaults. This program avoids the repayment problems associated with traditional short-term, equal-installment payment schedules. Also, the flexible income-sensitive repayment plans avoid discouraging students from pursuing careers in low-paying fields.

PERKINS LOANS

The 1991 budget does not request new Federal capital for the Perkins Loan Program, since these loans provide substantial and unnecessary Federal interest subsidies. However, institutions may continue to make Perkins loans from their revolving funds. In 1991–1992, these funds would provide an estimated $744,000,000 in new loans averaging $1,070, to about 695,000 student borrowers.

No new funds are requested for Perkins loan cancellation payments in fiscal year 1991. This request does not represent a policy shift, but reflects a temporary funding surplus, because recent annual reimbursement requests from institutions have been lower than expected. Appropriations will again be required in fiscal year

1992 and beyond for institutional reimbursements for certain loan cancellations.

STATE STUDENT INCENTIVE GRANTS

No funding for the State Student Incentive Grants program is requested for fiscal year 1991. The program goal of stimulating all States to provide need-based grants to postsecondary students has been accomplished. All States now have grant programs, and most States considerably overmatch the Federal contribution.

For example, of the 42 States that overmatched Federal funds in 1988–1989, almost all provided at least 75 percent more need-based student grant aid than was required to match Federal funds.

State expenditures have continued to expand even as Federal SSIG funding has declined or remained level. This expansion rate, 6 to 13 percent per year in recent years, suggests a considerable commitment at the State level and indicates that Federal funds are no longer necessary to encourage States to provide need-based student financial assistance.

GUARANTEED STUDENT LOANS

This year we are requesting an appropriation of $3,368,000,000 to meet the costs of the Guaranteed Student Loan account. This request includes $260,400,000 to finance obligations incurred in 1990 under contract authority.

We believe Guaranteed Student Loans continue to be an effective mechanism for financing postsecondary education. More than 4,000,000 students and their parents will receive over $11,000,000,000 through the Stafford Student Loan, PLUS and Supplemental Loans for Students, SLS, programs in fiscal year 1991. Subsidies to lenders for interest and special allowance costs, after taking into account the receipt of student loan origination fees, will be approximately $1,700,000,000.

Compared to the late 1970s and early 1980s, interest and special allowance costs have been restrained due to declining interest rates, while the costs of defaults have increased substantially. The gross default rate for all Guaranteed Student Loans is expected to increase from 14.2 percent in fiscal year 1989 to 15.4 percent in fiscal year 1991. Of the $3,108,000,000 we are requesting for the payment of obligations in fiscal year 1991, almost two-thirds, $2,021,000,000, will be needed to pay for loans that have gone into default.

The Department has to take a number of actions to improve collections on defaulted loans. In fiscal year 1989, we received $569,000,000 in collections from guarantee agencies and through our own collection efforts. This amount is $74,000,000 more than in fiscal year 1988 and $88,000,000 more than in fiscal year 1987. We have taken numerous steps to make the collection apparatus more efficient and cost-effective and project that by 1991, our collections will increase to $729,000,000.

Improved practices by some guarantee agencies also have proven to be successful. However, increased efforts to collect on defaulted loans will not, by themselves, solve the default problem. We must continue to take direct action to prevent defaults. These increasing default costs undermine the public confidence in the program. Consequently, we are proposing additional modifications to the program cost and abuse.

As partners with the Department, guarantee agencies should share some of the risk associated with loan programs. Therefore, we are proposing to revise the current "trigger system" formula, which provides for a reduction of reinsurance payments to a guarantee agency dependent upon default experience in the agency's State, in order to stimulate greater collection diligence by guarantee agencies and to reduce the Federal Government's reimbursement costs.

The Federal reinsurance of default claims paid by guarantee agencies would be changed to a flat 90-percent rate each year in place of the current 100-90-80-percent sliding scale. This would also be an incentive for guarantee agencies to enforce lender due diligence requirements. Also, the current two-tier assistance premium paid by guarantors to the Department would be changed to one-half of 1 percent of all new loans.

The 1991 budget proposes to delay disbursement of loans to first-time borrowers for 30 days from the student's first day of classes. This would help reduce the inordinately high rate of default by students who withdraw during the first few weeks of classes.

We are proposing to require lenders to offer optional graduated repayment schedules to all Stafford and SLS borrowers. Smaller payment amounts early in the repayment period, as little as accrued interest only in the first year, enable borrowers to establish disciplined repayment habits that avoid later defaults.

We also propose to authorize guarantee agencies to garnish defaulters' wages, up to 10 percent of disposable pay, after due process. Wage garnishment is particularly appropriate in this program since deferments are available to unemployed borrowers.

My colleagues and I will be pleased to respond to any questions members of the committee may have on our budget request.

[The information follows:]

DEPARTMENT OF EDUCATION

Statement by

Leonard L. Haynes III
Assistant Secretary for
Postsecondary Education

on

Student Financial Assistance and Guaranteed Student Loans

Mr. Chairman and Members of the Committee:

It is a pleasure to be here to present our budget request for the Student Financial Assistance and Guaranteed Student Loan accounts. Our budget request for fiscal year 1991 is nearly $9.5 billion, which we estimate will provide in excess of $18 billion to needy postsecondary students. This budget will help assure access to a postsecondary education for the financially disadvantaged by providing 9,782,000 awards for grant, loan and employment assistance to an estimated 5,857,000 students. Additionally, it enlarges the scope of our Default Reduction Initiative by including a number of proposals designed to safeguard the Federal investment in these programs by affording increased protection to the student consumer, requiring greater institutional accountability, and further addressing the still unacceptably high level of defaults and the issues of rights and responsibilities.

Fair play for students is at the core of our efforts to reduce defaults. Consequently, we are proposing to require any school with a default rate greater than 30 percent to implement a pro-rata refund policy for any Title IV aid recipient who withdraws during the first few weeks of class. Second, to protect individuals from high pressure sales techniques, we are proposing to prohibit schools from employing anyone other than salaried employees or volunteers in recruiting or admissions activities. Finally, we are proposing to modify the "ability to benefit" provision so that passing a test formulated and administered by an independent third party would be a condition for eligibility for Title IV aid for any admitted students without a high school diploma or its recognized equivalent. These proposals would discourage institutions from enrolling academically ill-prepared individuals, thus protecting students as well as taxpayers from unscrupulous institutional practices and lessening the opportunity for program abuses.

We are proposing additional default reduction and enhanced collection measures which are unique to the loan programs. The 1991 budget proposes to require lenders and institutions to check routinely the histories of all prospective borrowers who are age 21 or over. If the borrower has a poor credit history, the loan could be granted only if a credit-worthy cosigner were obtained. Those with no credit history, the vast majority of student borrowers, would not be required to have a cosigner. Thus, access to loan assistance would not be obstructed. We also propose requiring institutions to collect from the student more information that would assist in locating the borrower, thereby improving the collection potential of loans. This information would include the borrower's driver's license number, address of next of kin, expected address upon graduation, and the name and address of the borrower's prospective employer.

Pell Grants

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Supplemental Educational Opportunity Grants

The budget request for the Supplemental Educational Opportunity Grant program is $458.6 million, which maintains the current Federal funding level. However, the aid available to students under this program would increase by $27.4 million and the number of students participating in the program would increase by 18,000 students in academic year 1991-92 compared with that available in 1990-91, due to the higher institutional match required by statute. The Federal funds, together with the required institutional match, would provide grants averaging $740 to 696,000 students.

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The fiscal year 1991 request for Work-Study is $601.8 million, the same level of funding as in 1990. In academic year 1991-92, the total aid available under the Work-Study program is expected to be $823.2 million which would provide average earnings of $945 to 871,000 students.

Income Contingent Loans

For the Income Contingent Loan (ICL) program, the budget proposes $15 million in new capital contributions for fiscal year 1991, an increase of $10.1 million over the funding level in academic year 1990-91. This amount would support awards in academic year 1991-92. The 1991 budget request, when supplemented by institutional matching contributions, would provide approximately $16 million in new loans, averaging $2,500, to approximately 6,000 student borrowers. Two important program changes are being proposed in order to expand institutional and student participation. The first would make graduate students eligible to borrow. The second proposed change would remove the current 10-institution limit on participation and permit consortia of institutions to participate.

Enhanced access to these loans is an important element in the overall effort to reduce defaults. This program avoids the repayment problems associated with traditional short-term, equal-installment payment schedules. Also, the flexible income-sensitive repayment plans avoid discouraging students from pursuing careers in low-paying fields.

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Compared to the late 1970s and early 1980s, interest and special allowance costs have been restrained due to declining interest rates, while the costs of defaults have increased substantially. The gross default rate for all Guaranteed Student Loans is expected to increase from 14.2 percent in fiscal year 1989 to 15.4 percent in fiscal year 1991. Of the $3.108 billion we are requesting for the payment of obligations in fiscal year 1991, almost two-thirds, $2.021 billion, will be needed to pay for loans that have gone into default.

The Department has taken a number of actions to improve collections on defaulted loans. In fiscal year 1989 we received $569 million in collections, from guarantee agencies and through our own collection efforts. This amount is $74 million more than in fiscal year 1988 and $88 million more than in fiscal year 1987. We have taken numerous steps to make the collection apparatus more efficient and cost effective and project that by 1991, our collections will increase to $729 million. Improved practices by some guarantee agencies also have proven to be successful. However, increased efforts to collect on defaulted loans will not, by themselves, solve the default problem. We must continue to take direct action to prevent defaults. These increasing default costs undermine the public confidence in the program. Consequently, we are proposing additional modifications to the program designed to reduce program cost and abuse.

As partners with the Department, guarantee agencies should share some of the risk associated with loan programs. Therefore, we are proposing to revise the current "trigger system" formula, which provides for a reduction of reinsurance payments to a guarantee agency dependent upon default experience in the agency's State, in order to stimulate greater collection diligence by guarantee agencies and to reduce the Federal Government's reimbursement costs. The Federal reinsurance of default claims paid by guarantee agencies would be changed to a flat 90 percent rate each year in place of the current 100/90/80 percent sliding scale. This would also be an incentive for guarantee agencies to enforce lender due diligence requirements. Also, the current two-tier reinsurance premium paid by guarantors to the Department would be changed to one-half of one percent of all new loans.

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My colleagues and I will be pleased to respond to any questions members of the Committee may have on our budget request.

DEPARTMENT OF EDUCATION

Office of Postsecondary Education

Biographical Sketch

NAME : Leonard L. Haynes III

POSITION : Assistant Secretary for Postsecondary Education

BIRTHPLACE AND DATE : Boston, Massachusetts, January 26, 1947

EDUCATION : Southern University, B.A., History
Carnegie-Mellon University, M.A., American History
Ohio State University, Ph.D., Higher Education Administration

EXPERIENCE

1989 - Present : Assistant Secretary for Postsecondary Education, Department of Education

1988 - 1989 : Assistant Superintendent, Office of Academic Programs, Louisiana State Department of Education

1982 - 1985 : Executive Vice President and System Vice President for Academic Affairs, the Southern University System, Baton Rouge, Louisiana

1979 - 1982 : Director, Office for the Advancement of Public Black Colleges, Washington, D.C.

1976 - 1979 : Director, Desegregation Policy Studies Unit, Institute for Services to Education, Washington, D.C.

Honors and Awards : Outstanding Young Men of America, 1976; Department of Health, Education, and Welfare Fellowship, 1976; Who's Who in Washington, 1982; Black College Network Family Achievement Award, 1984

ESTIMATED REDUCTION IN GUARANTEED STUDENT LOANS

Mr. **Natcher**. Thank you, Dr. Haynes.

Dr. Haynes, when the Secretary appeared before our committee, we discussed with him generally the increases as far as education are concerned, the reductions and matters of great interest to you and to us as members of our committee.

As you know, the total increases as far as education are concerned I think total $1,646,000,000. As far as new programs are concerned, I believe the figure is $476,000,000. Chapter 1, I believe, is $246,000,000. There are other increases and deductions as we go along.

Now, we asked the Secretary how he could justify a reduction of $696,000,000 for guaranteed student loans. You know about this, Dr. Haynes, this figure of $696,000,000 for guaranteed student loans. How do you justify the reduction, Dr. Haynes? I want to see if you and the Secretary are on the same playing field. Are you all together on this matter?

Mr. **Haynes**. Mr. Chairman, members of the committee, this reduction is generally attributed to the lower T-bill rates.

Mr. **Natcher**. Lower interest rates?

Mr. **Haynes**. Lower interest rates.

Mr. **Natcher**. Last year, we had to have a supplemental of $892,000,000 because of underestimates of interest rates and also defaults as far as loans are concerned. What is going to prevent us from having to do the same thing this year as far as this reduction here of $696,000,000? Are you assuming the economy will be the same as it is today, that interest rates will not increase, or that interest rates will drop.

How do you feel about it, generally, when you have the history staring you right in the face over what happened last year—$892,000,000?

Mr. **Haynes**. Mr. Chairman, and members of the committee, the estimates that we go by are made available by OMB, and they are standard through all Government agencies. This is their call.

FEDERAL EXPENDITURES FOR EDUCATION

Mr. **Natcher**. After the deductions and the increases as far as education are concerned, Dr. Haynes, we have approximately a $496,000,000 net increase for education. It is about 2 percent.

Any of you at the table, what about the $496,000,000? Isn't that figure correct, just any one of you, net increase in education.

Ms. **Christensen**. That is right, Mr. Chairman.

Mr. **Natcher**. Dr. Haynes, do you agree with that figure; not only as to the correctness of the figure, but as far as the increase in education is concerned?

I personally like President Bush, I like him. I have known him for years. Dr. Haynes, I have served with eight Presidents. I want this President to be the Education President. You cannot be the Education President with a $496,000,000 increase. You can't do it at all.

When the Secretary was with us, Dr. Haynes, we said to him, "Mr. Secretary, what about a $2,000,000,000 increase in education?" We would like for you to talk to us about it. Can you give us any suggestions you want to make as to where the $2,000,000,000 should go? That is, $2,000,000,000 is not too much.

Ms. CHRISTENSEN. Mr. Chairman, the $500,000,000 increase is really a net increase, a 2-percent increase. You have to take into account the fact that we have minus or gross decreases totaling $1,300,000,000 in the budget, a large portion of that is due to the decrease in the student loan program.

We also proposing decreases in other lower-priority areas. If you add that to the $500,000,000 net increase, we really have a $1,800,000,000 increase for the entire Department. Overall, that is a 6.2-percent increase for all discretionary programs.

Within that, we have several areas that are much, much higher than that.

Mr. NATCHER. Ms. Christensen, I believe you were here, and maybe not, and I asked the Secretary how much he requested of OMB. He said $1,600,000,000 less than the amount he received. Were you here when that took place?

Ms. CHRISTENSEN. Yes.

Mr. NATCHER. Now, Dr. Haynes, I know you are not supposed to decide all these matters pertaining to education, but this is not enough money. I say that to you frankly.

When you talk about education, I don't know of anyone, Dr. Haynes, who has attempted or will attempt to impair the security of our country, but I know that in the last nine years, we have appropriated and the Department of Defense has spent $2,360,000,000,000 for defense. For education during this nine-year period, we have spent about $199,000,000,000.

How does that sound to you, Dr. Haynes, $199,000,000,000 for education, and $2,360,000,000,000 for defense?

Mr. HAYNES. Mr. Chairman, I think the Department fared well compared to other departments. I was not here at the time the budget was prepared, and I would say that the budget we have available to work with is a budget that makes sense.

We certainly fared better than many other departments of the Government. I would say this, too: When you factor in State spending, local and private efforts in terms of what they devote to education, the figure that you come up with is much larger than that which you just cited.

We certainly spend a lot of money on education in this country across the board.

Mr. NATCHER. In the last nine years.

Mr. HAYNES. I don't have the figures on the last nine years, sir, but I think it is an unfortunate misconception that we are not spending the money on education. I think we are. The problem is, are we getting the results that we want. I think we are all concerned about that.

Mr. NATCHER. I think the people are very much concerned about results. I don't disagree with you about that. But at the same time, in order to continue living in the strongest country in the world, you have to take care of the health of your people and educate your children.

What is this at the Federal level, about 6 percent?

Ms. CHRISTENSEN. Yes, Mr. Chairman, about 6 percent.

FEDERAL LIABILITY FOR GUARANTEED STUDENT LOANS

Mr. **Natcher**. Mr. Haynes, what is the current outstanding liability of the Federal Government under the guarantee loan programs, both total guarantees and those in current repayment status?

Mr. **Haynes**. We estimate that the loan principal outstanding at the end of the fiscal year 1990 will be the following: Stafford loans, a little more than $44,200,000,000; for the SLS program, $4,000,000,000; for the PLUS program, slightly more than $1,000,000,000; for the Consolidation Loan Program, $2,500,000,000.

In other words, the total for all the GSL programs is over $51,700,000,000.

Mr. **Natcher**. What will be the direct cost to the taxpayer from loan defaults under the Stafford program in 1991 and 1990?

GSL DEFAULT COSTS

Mr. **Haynes**. We estimate the Department will pay default claims under GSL equal to $2,023,000,000 in fiscal year 1990 and $2,021,000,000 in fiscal year 1991.

Mr. **Natcher**. What is your current best estimate of the gross default rate for Stafford loans in fiscal year 1991, and tell us, if you will, how this has changed over the last five years.

GSL DEFAULT RATES

Mr. **Haynes**. Mr. Chairman, our estimate for the fiscal year 1991 rate is 15.4 percent. Our estimates for the past five years are: 1990, 14.9; fiscal year 1989, 14.2; fiscal year 1988, 13.6; fiscal year 1987, 13.1; and for fiscal year 1986, 12.6.

In terms of implementation of our default reduction initiative, we expect that significant improvement in the default rate will be reflected in the cohort default rates released in March of 1993 and thereafter.

Mr. **Natcher**. Do you expect the default rate to get better or worse over the next several years?

Mr. **Haynes**. Mr. Chairman, our expectation is that when the default rate cohort is released in March 1993, it will reflect data on the kids coming through their entire postsecondary experience under the new initiative. We expect the default rate to go down.

We have implemented the default initiative; and already, we have noted collections are up compared to previous years. So, we have gotten the attention of the American public.

Mr. **Natcher**. You have changed the system in the last several years. Was that two or three years ago? Is that right?

Mr. **Haynes**. Yes, sir, we have implemented new methods of collection, and we are committing more time and resources to that task.

Ms. **Dunn**. Also, in 1986, the Department issued new, what are called due diligence regulations, which detail the servicing requirements of lenders. That has also made a difference in reducing defaults.

Mr. **Natcher**. Some people say it will go as high as 20 percent as far as defaults are concerned, one out of five; you people don't agree with that, do you?

Mr. HAYNES. Mr. Chairman, if you look at where we are, I think defaults are leveling off now. We went back several years and noted, at about one point, we were at about 9 percent. As I cited, the last five years we have been between 12.5 and 14.9. When the results of the default initiative will be really felt after 1993, we expect a decline.

I think, as a result of our default reduction efforts, we can expect a better attitude on the part of the American public toward the student aid programs. A loan by any name is a loan. It must be repaid. That is the message we are trying to get out.

Ms. DUNN. Also, these are gross default rates, whereas the net default rate has stayed relatively the same. We expect that to continue or improve with our enhanced collection efforts.

Mr. NATCHER. Mr. Pursell.

DEFINITION OF DEFAULT RATES

Mr. PURSELL. What is the difference between the gross and net default rate?

Ms. DUNN. The gross default rate is the rate before collections are taken into account. The net rate eliminates any defaulted loans that have been collected and thus reduces the dollar amount in default.

Standardly that net default rate has been around ten percent. That means in contrast to one-in-five students not paying, really one-in-ten students don't pay.

DEPARTMENT'S DEFAULT REDUCTION INITIATIVE

Mr. PURSELL. Did you implement new initiatives last year?

Ms. DUNN. The Secretary's new default initiative was announced June 5. The required servicing activities for banks were implemented in 1986.

Mr. PURSELL. What impact have we had since then?

Ms. DUNN. We have not been able to measure it per se. You cannot factor that out particularly. Let me say there are a number of major banks, in fact, most of the major banks in this country, that have suffered a significant loss of either interest or interest and principal since 1986, when their violations of those procedures have been observed.

The proper servicing of a loan in the course of repayment, which includes sending the letters to the kids defaulting or making telephone calls, results in a significant reduction in defaults.

Mr. PURSELL. Some years ago when we had high default rates, the Secretary would impose penalties on a given school. Are you doing any of that now?

Mr. HAYNES. Yes, sir. We have, as you know, the Secretary's default reduction initiative. We are presently able to cut off student aid funds to institutions and lenders. If we have reliable information, the Secretary can do this to prevent the loss of Federal funds.

Mr. PURSELL. How many institutions have been cut off under this Secretary?

Mr. HAYNES. It was just implemented.

Mr. PURSELL. What is the number of institutions that have been cut off?

Mr. **Haynes**. This is just being implemented.

Mr. **Pursell**. There are no institutions under any penalties whatsoever?

Ms. **Dunn**. Under the Secretary's default initiative announced in June, any school that has a cohort borrower rate over 20 percent has to implement a default management plan. 1,530 institutions across this country fell into that category. Now every single one of those, 100 percent of those institutions has turned into the Department a default management plan.

We are looking through them. We have imposed 56 percent of those and we expect to have all 1,500 of those plans imposed by the beginning of May. That is with schools over 20 percent.

Mr. **Pursell**. How many schools are over?

Ms. **Dunn**. 1,530.

Mr. **Pursell**. Are any over 30 percent?

Ms. **Dunn**. I don't have those figures. It is a smaller number. They have to delay the certification of a loan so that the student does not get the funds for 30 days. This is important in reducing defaults because we find a large percentage of defaulters are students who drop out of a program during the first 30 days.

So requiring the high default schools to not allow that money into the student's hands immediately has a significant impact. The Secretary also requires the schools over 30 percent to provide a pro rata refund of student aid. Starting in 1991, schools that are over 60 percent will be subject to limitation, suspension or termination from the program.

Each successive year any school that does not lower its default rate by five percent until we get the maximum down to 40 percent will be subject to termination.

Mr. **Davidson**. The number of schools with default rates over 30 percent is 1,040. That would be for the prorated requirement. Over 40 percent is 456 schools and over 60 percent is 101 schools affected. That would involve the potential limited termination after January 1, 1991.

I would also like to add that in addition to these termination procedures that are going into effect, a small number of schools, too high a number of schools, are routinely brought under LS&T or had various penalties applied to them if they had not followed the regulations in implementing the student aid programs in general, or GSL in particular.

So a relatively small number of schools are terminated on a regular basis.

EMERGENCY ACTIONS

Ms. **Dunn**. The procedures Dr. Haynes was talking about, the emergency "stop funding" authority, was enacted by Congress in the reconciliation bill. As you know, that was signed into law December 19 of last year.

So we have been carefully monitoring it. As of yet, we have not taken that action. We do have a couple of schools that the I.G. is looking at. We are considering internally taking that action.

The reason it has not been utilized is because that action was taken very recently—at the end of the year.

BURDEN OF INSTITUTIONS

Mr. **Pursell**. I did not vote for reconciliation, and this is one of the reasons why: because of the whole default problem. It seems to me, the definition, as you outlined, of 100 schools in 60 percent default, there is something wrong with the system that generates such high numbers. Maybe there is not consultation with the loaning institutions and the universities.

Don't you sense it is a serious issue here that is not getting resolved in a more reasonable manner with respect to the student and university who are sitting out there taking these rules and regulations without a lot of opportunity to negotiate a more practical system to reduce the default rate?

It sounds like it is all coming from the top and we are not really getting a good representative voice here. Because for the number of universities and students out there in the country, these numbers, to me, appear to be out of balance.

Mr. **Haynes**. Mr. Congressman, if I may, the Secretary recognized that defaults were a serious problem. The initiatives and proposals that we have advanced are designed to put the horses back into the corral.

They have run away so far, we are trying to get a grip on it so money is available for future generations. As we look at the Higher Education Act, we are going to look carefully at how this is structured and what is the appropriate Federal role.

I think your concern about it coming from the top down will be addressed because we have an open process in reauthorization and have invited public comment.

ROLE OF COLLEGES IN POLICY DEVELOPMENT

Mr. **Pursell**. How extensively are the representatives of the universities and community colleges participating in the development of public policy with respect to this?

Mr. **Haynes**. Mr. Congressman, we held seven public hearings around the country last year. We invited comment from each sector of postsecondary education.

Mr. **Pursell**. How many public hearings?

Mr. **Haynes**. Seven. But we also received close to 2,000 responses to our request for public comment.

Mr. **Pursell**. In all due respect to public hearings, we have all been through that over 20 or so years of experience. It does not create a forum for good negotiating in terms of developing a public policy.

It is good for venting feelings and presenting points of view. But putting that together in terms of negotiating a Federal policy, that next step seems to be a void here.

Mr. **Haynes**. We have had meetings with the groups that represent the various sectors, community colleges, for example. We have listened carefully to their testimony.

Mr. **Pursell**. Can you say there have been open negotiations, give and take, with respect to developing the rules and regulations.

Mr. **Haynes**. As we look at reauthorization, certainly we will maintain an open process until we make our final proposals. We want to be sure all views are included in the discussion.

Mr. **Pursell**. Will you provide the committee with a list of universities that the department has met with, universities and colleges, those that you have met with in negotiating on developing rules and regulations.

Mr. **Haynes**. Yes, sir.

[The information follows:]

Higher Education Community Consultation

During the Department's development of student loan default reduction initiatives in 1988 and 1989, Department officials met with numerous college officials and their association representatives. The Secretary's general request for public comments on the loan default problem resulted in some 1,227 letters to the Department, mostly from officials of postsecondary institutions. In addition, the public comments on the GSL default regulation itself totalled about 3,600. The final regulation reflected many of the comments we received.

More recently, in soliciting input on the Higher Education Act's forthcoming reauthorization, Secretary Cavazos personally met with representatives from all of the higher education associations. The Department then held a series of seven public hearings on this subject last October and November, and the Secretary personally chaired the final hearing here in Washington. We received some 1,400 public comment letters, again mostly from officials of postsecondary institutions. Although we do not have complete records on all of the higher education officials we have met with on this subject, we can say that each of the 13 Department work groups on the Higher Education Act reauthorization has met informally with numerous higher education representatives, and the Secretary and Assistant Secretary have met with higher education groups on numerous occasions on this important subject.

HIGHER EDUCATION AS A PRIORITY

Mr. **Pursell**. The Chairman's question on the higher educational need of this country, and everybody seems to think this is a priority, this committee has always thought it was the national priority. I did not vote for the defense bill last year. Every time we put it on the floor, it opens up about 250 amendments, and everybody puts their own fighter plane in.

The governors have just met and there is a lot of concentration on elementary and secondary. There has not been too much discussion on post-secondary. Do you care to comment on that?

Mr. **Haynes**. Mr. Congressman, I think the goals were approved yesterday. There were two parts in the goals that address postsecondary. Postsecondary did get into the national goals, especially as they relate to increasing the number of minorities who finish postsecondary education.

Mr. **Pursell**. Were there any discussions at the White House or Department of Education with respect to funding undergrad and graduate programs in education?

Mr. **Haynes**. There were no numbers. As I read the goals issued, under the comment about restructuring as related to K through 12, it was with reference to the student aid programs assuring access.

Mr. **Pursell**. I was sort of concerned if there was heavy emphasis, and there should be, on elementary and secondary but almost no voice for postsecondary and higher education, public and private sector.

In all our discussions with the governors, it did seem that a strong voice was missing there in terms of goals and whatever peace dividend was available in the long or short term. There was not much substantive discussion on higher education.

Mr. **Haynes.** I can assure you that the Secretary expressed his view that postsecondary concerns be included in the statement. He said that repeatedly.

We feel the reauthorization of the Higher Education Act, the process we are in now, will cause the American public to pay more attention to postsecondary issues. We are talking about K through 12, all the way up through graduate school, that we need to focus our attention on. You are right, that the focus has been on K through 12, but to the extent that higher education takes the products from K through 12. There were some parts of the goal statement that included postsecondary issues.

I don't have the statement before me now, but it did recognize these needs. I expect we will get more attention as we get down to reauthorizations. That is one of the purposes of that process. I am trying to get out on the stump and make sure everybody knows about it.

SUPPLEMENTAL BUDGET REQUESTS

Mr. **Pursell.** Do you anticipate any supplementals this year? I know those are ball park estimates you are looking at.

Ms. **Christensen.** There is a general policy from OMB that there will be no supplementals. This was in agreement with Congress last year, that there would be no supplementals unless there was a dire emergency. We don't have any supplementals anticipated. We have taken into account shortfalls in both the large Guaranteed Student Loan program and the Pell Grant program, where we have the money in the 1991 budget to take care of those.

Mr. **Pursell.** Thank you.

REPORT ON STUDENT LOAN DEFAULTS

Mr. **Natcher.** Dr. Haynes, when will the committee receive the initial report on student loan defaults which we requested last year?

Mr. **Haynes.** Mr. Chairman, the report is in preparation and you should receive it shortly.

PROPRIETARY SCHOOL PARTICIPATION IN AID PROGRAMS

Mr. **Natcher.** What percentage of Pell grants and student loans are going to trade and proprietary schools in 1991, and how has this changed over the last decade?

Mr. **Haynes.** Mr. Chairman, the proportion of Pell Grants going to proprietary is leveling off. In 1987 it was 25 percent and it is staying relatively constant.

Mr. **Natcher.** What was it ten years ago,, Dr. Haynes?

Mr. **Haynes.** For proprietary schools ten years ago, it was ten percent.

Mr. **Natcher.** What is the current student loan default rate for proprietary schools?

Mr. **Dunn.** It is approximately 32 percent.

Mr. **Natcher.** How serious, in your personal opinion, is the problem with fraud and abuse of federal student aid programs in the proprietary sector? How do you feel about that, Dr. Haynes?

Mr. HAYNES. Mr. Chairman, let me answer you by saying that there are instances of fraud and abuse across postsecondary education, not just in proprietary schools, but also in community colleges, four-year institutions, as well as graduate and professional schools. It so happens that the media has focused a great deal of attention on the proprietary sector. There are problems here and there, but there are also problems in other sectors.

There are some excellent proprietary schools and some that are selling dreams. There are some excellent community colleges and some that are not performing. Our concern has to be with the student and the taxpayer's money regardless of the sector.

"INDEPENDENT STUDENT" DEFINITION

Mr. NATCHER. Over 60 percent of students receiving Pell grants qualify as independent students according to last year's testimony. In your opinion, are these students clearly independent as the definition of that tem would indicate?

Mr. HAYNES. The authorizing legislation specifies the conditions under which an individual is supposed to be self-supporting or financially independent of his parents. One of the criteria is age. The law defines a student at least 24 years old as independent. The average person believes that if you are 24 years old you must be independent from your parents. I hope my children follow that.

SAVINGS FROM LEGISLATIVE PROPOSALS

Mr. NATCHER. Your 1991 budget includes a series of savings proposals discussed in your general statement. Many require changes in the basic law. If the committee follows House rules and deletes all points of order language, how much money will need to be added to your request if we want to maintain a maximum grant of $2,300? How much will we have to add?

Mr. HAYNES. Mr. Chairman, failure to enact the measures we are proposing would require an additional $218,000,000 for the Pell Grant program for 1991, if we are to maintain the award maximum at $2,300.

Mr. NATCHER. Assuming we are unable to add additional funds, what maximum grant could our budget buy under existing basic Pell Grant law? What would the figure be?

Mr. HAYNES. If we do not get the $218,000,000, we would have to issue a payment schedule that reflected a linear reduction to individual Pell Grants. If we implement that, approximately 150,000 students with an average award of $273 would have their Pell Grants eliminated.

An additional 965,000 students would have their awards reduced by an average of $80.

Mr. DAVIDSON. Mr. Chairman, I would add, your question was about the maximum award. That would not be reduced. Under linear reduction, the lowest income students who qualified for the maximum are maintained at the $2,300 level. It is the award to the marginal or middle income-student that would be reduced or eliminated.

SUBMISSION OF REAUTHORIZATION PROPOSALS

Mr. Natcher. When do you plan to submit your proposals for a comprehensive rewrite of the Higher Education Act and what is the earliest that these proposals, if adopted, could be effected?

Mr. Haynes. If we maintain our present schedule, I think early next year we should have our reauthorization proposal before you.

SHORTFALLS IN PELL GRANT FUNDING

Mr. Natcher. The 1991 budget includes, as you know, a $473,000,000 increase for Pell Grants, most of which is earmarked for prior-year costs. What can you tell us about your most recent data on both the 1989 and 1990 shortfalls?

Mr. Haynes. Mr. Chairman, the Department's fiscal year 1990 appropriations act includes $131 million to help meet the anticipated shortfall for the '89–90 academic year. This shortfall reflects the CBO's estimate of 1989–90 Pell Grant programs costs, not the Department's.

We believe that an additional $265 million is needed to assure full Pell funding for the current '89–90 year. It is difficult to overstate the urgency of this request, since we have insufficient FY 89 funds to meet our program needs beyond the next few weeks.

Mr. Natcher. Mr. Kolb testified last week as to how difficult it is to estimate these costs. As Ms. Christensen remembers, however, your estimate shifted by almost $1,000,000,000 in less than a month. Isn't there something we can do to get some sort of warning when there is going to be a radical change in estimates?

Mr. Haynes. Our Pell estimation model was singled out yesterday as a very good model by GAO. We cannot account for all the variations in the student market, but our estimates have been, over the last several years, highly reliable.

Mr. Natcher. Ms. Christensen, how do you justify the $1,000,000,000 change?

Ms. Christensen. The big part of that problem last year was the large increase in the number of independent students applying for Pell Grants as compared to the previous year. We have taken that into account in our estimates this year. The model has been refined to reflect that large increase. Right now, we still feel very sure that our estimates are very close.

"ABILITY TO BENEFIT" PROPOSAL

Mr. Natcher. The appropriation request includes, as you know, bill language tightening up eligibility for so-called ability to benefit students. How would this provision be administered and also tell us what this provision will save? What will it save and how will it be administered?

Mr. Haynes. The ability-to-benefit proposal would require an independent third party to administer a test to determine whether or not a student entering a postsecondary institution would be able to benefit from the education. This independent third party would administer the test and determine the score.

We feel this would improve the completion rates of students who enter institutions on the basis of an ability to benefit. We feel that it would save approximately $113 million for 1991.

FUNDING FOR LESS-THAN-HALF-TIME STUDENTS

Mr. NATCHER. The bill language proposes to restore eligibility for less-than-half-time students. What is your current estimate of the amount of student aid which would likely go to these students in 1991? How do you expect this to grow in the future?

Mr. HAYNES. Mr. Chairman, we believe under the '91–92 budget proposal, approximately 169,000 less-than-half-time students will be Pell recipients, with awards averaging about $271.

Mr. NATCHER. Do you have data comparing the academic success rate of these less-than-half-time students with students attending full-time?

Mr. HAYNES. I don't think we have that kind of data. It requires longitudinal data over an extended period of time. We do know that part-time students in the 1980's are more likely to persist through the completion of a two-year degree or a four-year program than were part-time students in the 1970's. The increased participation of part-time students is a phenomena that is currently being experienced across higher education. We are having more part-time students appearing in traditional institutions. Many of these students do complete degree programs.

Mr. NATCHER. Dr. Haynes, our committee has no opposition to less-than-half-time students, but how can we justify expanding the Pell Grant program to a new group when we cannot even afford a cost-of-living increase for current students? How do we justify that, Dr. Haynes?

Mr. HAYNES. Mr. Chairman, our proposal to support less-than-half-time students is based on the fact that we recognize that there is a changing student market across all of postsecondary education. As I indicated, there are more less-than-half-time students showing up in the enrollment patterns of institutions. These students have needs and we have to ensure access.

We want to be sure we have covered the entire student profile, not just those who are two- or four-year oriented. We have to provide access to all deserving students.

NO-COST SUPPLEMENTAL REQUESTS

Mr. NATCHER. The President's budget includes two no-cost supplemental requests. What can you tell us about these issues? I believe these are language changes, is that correct? What about that.

Mr. DAVIDSON. One of them, of course, is for the Pell Grant program, for the authorization to use fiscal year 1990 appropriations for the '89–90 award year. It is critical to get this authority clarified in law so that we can use 1990 funds to meet the needs of '89–90. Otherwise, we will be turning away requests from schools as early as next month for additional funds for award year '89–90.

The other language supplemental that we are seeking has to do with the Title III endowment program. In that language request, we are seeking to establish a setaside for historically black colleges for endowments of $5 million within Part C of Title III. Out of the $17 million that has been appropriated for 1990, $5 million would be set aside for HBCUs. That HBCU setaside would increase to $15 million in 1991, out of a total appropriation of $33 million for Part C. If that language is not provided, we would of course spend the appropriated funds for all eligible Title III schools, including HBCUs and others.

Mr. NATCHER. There are no supplementals, as you know, moving at this time. There may not be one this year. Could the Pell Grant program problem be addressed by putting this language into the 1991 bill?

Mr. HAYNES. Mr. Natcher, we are going to run out of money in late April.

Mr. NATCHER. Have you talked to them downtown and explained that to them? They have a little provision, Mr. Haynes. Ms. Christensen may not have told you, but they have a provision in the budget the size of the Chicago telephone directory that provides that all supplementals in 1991 should come out of existing funds. You know about that Ms. Christensen. You didn't put that in there?

Ms. CHRISTENSEN. No, I did not. That is part of the agreement with OMB and the Congress.

Mr. NATCHER. I knew you would not put that in there. But it is in there. From out of existing funds?

Mr. HAYNES. Yes.

Mr. NATCHER. So if you don't have something to offset in the bill that might be grounds for a veto. It is in there.

So Dr. Haynes, as you go along, you might want to read that provision. You might want to read it.

Mr. Pursell.

DELAYED DISBURSEMENT OF AID

Mr. PURSELL. I have a short question. What is the delay? If a student registers now and this does apply to all programs, there is a 30 day waiting period.

Can you explain that? The intent was, as I understand it, that students drop out and then do not repay the loans.

Mr. HAYNES. Yes. You are talking about the delayed disbursement. As you know, we are trying to stop students from receiving the funds and not continuing with their program. This is one way to ensure that they are in fact in class.

Mr. PURSELL. So every student must comply with the 30 day waiting period?

Mr. HAYNES. Just the first-year students receiving loans.

Mr. PURSELL. They have to wait 30 days?

Mr. HAYNES. This is delayed disbursement before they receive the awards.

Mr. HAYNES. But the condition is that they stay in school to receive the dollars.

Mr. HAYNES. Yes sir.

Mr. DUNN. Remember, also, there are other types of student aid that are available, including institutional aid. So, often the student does not have problems the first 30 days. It prevents putting excess funds in student hands. Sometimes the tuition charges can be covered by Pell. So there is other aid available. It reduces the amount of excess aid in the student's hands that, if the student drops out, would be a possible default.

Mr. PURSELL. Was the institution in favor of that proposal?

Mr. **Dunn**. Yes and no. We heard in the reauthorization hearings that some institutions would like the ability to hold student loan funds and disburse them in multiple disbursements, perhaps monthly.

Some higher education schools would rather not have it.

Mr. **Davidson**. Many schools already do that.

Mr. **Pursell**. That is my understanding. Now, you have a uniform policy that applies to all?

Mr. **Davidson**. Yes. Even those doing the voluntary would like to see it so they could say it is a matter of law.

Mr. **Pursell**. Thank you.

AMNESTY FOR LOAN DEFAULTERS

Mr. **Natcher**. Will the department be prepared, Dr. Haynes, to implement the new loan amnesty program next month as required in last year's reconciliation bill?

Mr. **Haynes**. Mr. Chairman, the answer to that is yes. We announced the program on February 15. We have notified over 600,000 defaulters whose loans we hold. We have notified the regional offices. We have issued "dear colleague" letters to those responsible for the programs and, also to all schools, a press release encouraging them to publicize the program.

In addition to that, we are negotiating now within the Department the possibility of undertaking the following additional actions: public service announcements on major radio markets, advertisements in newspapers, and utilizing the Pell public inquiry contractor. As you know, the six-month program was authorized under Reconciliation. We feel that we are out there now with this and we hope that we can bring some money back into the Treasury this way.

Mr. **Natcher**. What is your current estimate, Dr. Haynes, of the amount of money which this amnesty program might generate and where will this money go?

Mr. **Haynes**. CBO has an estimate of about $33 million.

Mr. **Natcher**. This completes the budget request for student financial assistance and guaranteed student loans. Mr. Haynes, we want to thank you and your associates for appearing before our committee at this time.

[The following questions were submitted to be answered for the record:]

NEED FOR SUPPLEMENTAL LANGUAGE

Mr. Natcher: Many people believe that borrowing is already authorized under the Pell Grant laws. Would you insert in the record at this point a legal analysis of why you believe this supplemental is necessary.

Mr. Haynes: The Department is currently unable to provide this analysis. It will be provided to the committee as soon as possible.

IMPACT OF 1990 REDUCTION IN SSIG FUNDING

Mr. Natcher: Last year Congress approved a 20 percent reduction in the State scholarship programs. Have you been able to determine if the States will be able to replace these funds?

Mr. Haynes: Over the last 4 years, States have increased their expenditures for grants to needy students by an average of $96 million a year, regardless of the level of Federal support. The most recent large reduction in Federal SSIG funding was in fiscal year 1983. In that year, the Federal Government reduced its support by $14 million, but the States increased their expenditures for need-based grants to students by $93 million. We therefore expect that the States will more than compensate for the $13 million reduction in the SSIG appropriation in 1990.

EXTENSION OF AVAILABILITY OF PELL GRANT FUNDS

Mr. Natcher: The budget proposal appears to extend the availability of 1991 student aid funds through all of 1993. Why are you requesting an additional year of availability for these funds?

Mr. Haynes: The Department has requested appropriations bill language extending only the Pell Grant funding availability period to 3 fiscal years instead of 2. Although current appropriations language permits funds to remain available for only 2 fiscal years, actual Pell program operations and regulations under the authority of the authorizing language allow activity for each academic year program for at least 3 years. The availability of funds for obligation for 2 fiscal years under the current appropriations language is thus inconsistent with program legislation and operations, and creates significant administrative difficulties for the Department.

IMPLICATIONS OF NEW GRADUATION RATE INFORMATION

Mr. Natcher: Last week one of the college associations released a study which found that less than one out of six college students finishes a degree within four years. What can you tell us about this data and its implication for student aid policies?

Mr. Haynes: The report to which you refer was conducted by the National Association of Independent Colleges and Universities and utilized information collected by the Department during one of its major longitudinal studies, the High School and Beyond (HS&B) series. The Department has routinely made these data, as well as the results of other data collection efforts, available to all interested researchers.

The results of the NAICU analysis were simply misreported by the press. In fact, the percentage of high school graduates enrolling in 4-year colleges immediately after high school who earn a degree within four and one half years is 31 percent, not 15 percent as reported. Each year after that, more students graduate and the completion percentage rises.

It does appear that many students are taking longer to complete a degree and that many students never complete their degree at all. It is difficult to say what the implications are for student aid policies because aided and non-aided students display roughly the same level of persistence, after controlling for background variables.[1]

Student aid is available for part-time study and is not limited to four calendar years. For example, Pell Grants are limited to supporting students for 4 years or whatever combination of time it takes a student to complete a 4-year curriculum if he or she is attending school part-time. The GSL program limits the dollar amount a student may borrow for undergraduate studies and does not consider how long it may take a student to complete the curriculum. The effect of these provisions on intensity of enrollment and degree of persistence is unknown.

The Department will be reviewing the incentive effects of various design elements of the student aid programs in preparation for the development of the Administration's upcoming Higher Education Act reauthorization proposals.

PELL GRANT 10-YEAR TABLE

Mr. Natcher: Insert in the record at this point a 10-year table for the Pell Grant program showing:

a. total appropriations.
b. number of recipients.
c. maximum grant in current $'s.
d. maximum grant in constant 1991 $'s.
e. average grant in current $'s.
f. average grant in constant 1991 $'s.
g. percent of students qualifying as independent.
h. percent of students going to proprietary schools.

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[1] See, for example, Jacob O. Stampen and Alberto F. Cabrero, "Exploring the Effects of Student Aid On Attrition", Journal of Student Financial Aid, Vol. 16, No. 2 (Spring, 1986), pp. 28-40; or Tullisse A. Murdock, "Does Financial Aid Really Have an Effect on Student Retention?", Journal of Student Financial Aid, Vol. 19, No. 1 (Winter, 1989), pp. 4-16.

PELL GRANT PROGRAM--FY 1981-91

Mr. Haynes: Following is a table presenting the requested data covering the last 10 years of the Pell Grant program. Please note that the data from 1988 to 1991 are primarily estimates, while actual program data are presented for 1981 through 1987. Constant 1991 dollar calculations were prepared using the GNP deflator.

PELL GRANT 10-YEAR TABLE

	1981	1982	1983	1984	1985	1986	1987	1988 (est.)	1989 (est.)	1990 (est.)	1991 (est.)
Total Appropriation (in millions)											
Current Dollars	$2,604	$2,419	$2,419	$2,800	$3,682	$3,580	$4,187	$4,260*	$4,484*	$4,804*	$5,277*
Constant 1991 Dollars	$3,836	$3,322	$3,187	$3,554	$4,534	$4,293	$4,873	$4,811	$4,859	$5,006	$5,277
Number of Recipients (in thousands)	2,709	2,523	2,759	2,747	2,813	2,660	2,882	3,304	3,302	3,214	3,389
Maximum Grant:											
Current Dollars	$1,670	$1,800	$1,800	$1,900	$2,100	$2,100	$2,100	$2,200*	$2,300*	$2,300*	$2,300*
Constant 1991 Dollars	$2,460	$2,472	$2,372	$2,412	$2,586	$2,518	$2,444	$2,485	$2,496	$2,397	$2,300
Average Grant:											
Current Dollars	$849	$959	$1,014	$1,111	$1,279	$1,301	$1,303	$1,375	$1,473	$1,482	$1,443
Constant 1991 Dollars	$1,251	$1,317	$1,336	$1,410	$1,575	$1,560	$1,516	$1,553	$1,596	$1,544	$1,443
Percent Independent Students	42%	46%	47%	49%	50%	54%	58%	57%	59%	61%	62%
Percent Attending Proprietaries	12%	15%	17%	19%	21%	24%	25%	27%	27%	28%	28%

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* Actual data

STUDENT LOAN DEFAULT RATES

Mr. Natcher: Insert a 10-year table showing the gross default rate for Perkins and Stafford loans.

Mr. Haynes: A gross default rate for Perkins loans cannot be calculated because the default information that is collected from institutions is designed to calculate the statutory definition of an institution's default rate. This statutory definition does not include defaulted loans that have been assigned to the Department, nor does it include the amount of gross defaults before collections. The result is a net default rate that fluctuates each year, based on the amount of loans assigned to the Department. This fulfills the statutory requirement for calculating an institution's default rate for purposes of the Perkins loan allocation formula, but unfortunately, it does not yield a gross default rate for the entire Perkins Loan program. The Department is currently developing a procedure for calculating the net default rate that would account for all defaults in the Perkins Loan program.

A 10-year table that displays the gross default rates for the Guaranteed Student Loan programs (Stafford, PLUS and SLS) is presented below:

Guaranteed Student Loans

Fiscal Year	Gross Default Rate	Net Default Rate
1980	12.5%	10.1%
1981	12.3	9.7
1982	11.2	8.7
1983	10.7	8.4
1984	10.9	8.4
1985	11.6	8.9
1986	12.5	9.4
1987	13.1	9.5
1988	13.6	9.6
1989	14.2	9.7

Mr. Natcher: Explain the difference between the gross and net default rate measures of loan problems.

Mr. Haynes: Both the gross and net default rates are computed using cumulative data. That is, the rates computed at the end of each fiscal year must be viewed as describing the manner in which the program has performed, relative to defaults, since its inception. In this sense, then, these are not annual rates that capture default and collection activity for a given fiscal year.

The denominator for both calculations is "matured paper." Matured paper is defined as the cumulative dollar amount of loans that have ever gone into repayment. In other words, it equals the total dollars disbursed to borrowers since the program began (in 1965) less the current amounts in the in-school and grace periods.

The numerator in the calculation of the gross default rate is the cumulative dollar amount of default claims paid to lenders. The numerator in the calculation of the net default rate is the cumulative dollar amount of default claims paid to lenders minus the amount of cumulative collections on defaulted loans.

SEQUESTER RULES FOR GUARANTEED STUDENT LOANS

Mr. Natcher: Include in the record at this point a short description of how the sequester process is applied to the Guaranteed Student Loan program.

Mr. Haynes: In the Guaranteed Student Loan (GSL) programs, the sequester process reduces the interest subsidies which the Federal Government provides to both borrowers and lenders. The Gramm-Rudman law stipulates sequester effects on both the "origination fee" which is paid by all Stafford borrowers and the "special allowance" which ensures a specific yield to lenders.

All Stafford borrowers pay an origination fee, equal to 5 percent of the loan amount, which offsets a portion of the high Federal interest subsidy. Under a sequester order, the origination fee is increased to 5.5 percent on all disbursements for any loan made on or after October 1. The lender must disclose the increased fee to the borrower following the procedures established by each guarantee agency for this purpose. For the purposes of a sequester, a loan is considered made on the date the loan proceeds are disbursed in whole or in part to the borrower. A multiply disbursed loan is considered made on the date of the first disbursement.

The sequester order amends the formula for computing the special allowance on Stafford, PLUS, SLS and Consolidation loans by reducing the percentage specified in section 438(b)(2)(A)(iii) of the Higher Education Act of 1965, as amended. The reduction is 0.4 percentage points, although the special allowance rate--now at 3.25 percent--cannot be reduced to less than 3 percent, for each of the first four quarterly special allowance payments made on such loans. That is, the first four special allowance payments on loans made on or after October 1 would be reduced by either 0.4 percentage points for loans made or purchased with tax-exempt funds, or 0.25 percentage points for all other loans. The savings resulting from changes to the origination fee and to the special allowance rate are calculated using a model developed by the Congressional Budget Office.

In this discussion, October 1 represents the effective date for the initial sequester order. If necessary, the President would issue a final sequester order on October 16 which would reflect any enacted legislation. If enacted legislation achieves the required deficit levels, the final sequester order would eliminate the sequester; if not, the final sequester order affecting the GSL programs would make the initial order permanent or would alter the initial order to achieve the required deficit-reduction level.

TRANSFER OF FUNDS BETWEEN SEOG AND WORK STUDY

Mr. Natcher: The basic law allows up to a 10 percent transfer of funds between Work-Study and SEOG grants. Do schools exercise this option?

Mr. Haynes: Yes; postsecondary institutions do exercise this option. The total amount transferred from Work-Study to the Supplemental Educational Opportunity Grant program (SEOG) for the 1987-88 award year was $27,182,860. For the same award year, the amount transferred from SEOG to Work-Study was $1,736,531.

IMPACT OF THE NEW MINIMUM WAGE ON THE WORK-STUDY PROGRAM

Mr. Natcher: What impact will there be on the College Work-Study program as a result of the increase in the minimum wage?

Mr. Haynes: We do not expect any appreciable impact on the average amount of Work-Study assistance awarded or on the number of recipients. We base this projection on our past experience with minimum wage increases, which did not appear to affect recipient numbers, and on the nature of the program. Since the Work-Study program is primarily a student aid program and not an employment program, the amount awarded to a student is based on the need of the student and not on a set number of work-hours. For an institution that increases its Work-Study wage rate because of the new minimum wage, the impact on its Work-Study students would most likely be that they would work fewer hours for the same amount of Work-Study assistance.

NEED FOR WORK-STUDY AID

Mr. Natcher: Has the emerging shortage of new entry level workers diminished the need for federally subsidized jobs on campus?

Mr. Haynes: Yes. Although specific data on near-campus part-time entry-level job vacancies are not available, the Nation's economy is strong and unemployment is low. As a result, job opportunities in the private sector are at a high level in many college towns and cities.

"INDEPENDENT STUDENT" DEFINITION

Mr. Natcher: What standard is used to determine if a student qualifies as "independent"?

Mr. Haynes: Currently, section 411F(12) of the Higher Education Act, as amended, defines the term "independent" to mean: (1) a student who is 24 years of age or older by December 31 of the award year; (2) is an orphan or ward of the court; (3) is a veteran of the Armed Forces of the United States; (4) is a graduate or professional student who declares that he or she will not be claimed as a dependent for income tax purposes by his or her parents (or guardian) for the first calendar year of the award year; (5) is a married individual who declares that he or she will not be claimed as a dependent for income tax purposes by his or her parents (or guardian) for the first calendar year of the award year;

(6) has legal dependents other than a spouse; (7) is a single undergraduate student with no dependents who was not claimed as a dependent by his or her parents (or guardian) for income tax purposes for the 2 calendar years preceding the award year, and demonstrates to the student financial aid administrator total self-sufficiency during the 2 calendar years preceding the award year in which the initial award will be granted by demonstrating annual total resources (including all sources of resources other than parents) of $4,000; or (8) is a student for whom a financial aid administrator makes a documented determination of independence by reason of other unusual circumstances.

DEFAULTS AT PROPRIETARY SCHOOLS

Mr. Obey: The Administration is asking for $2 billion for default claims for Stafford and PLUS/SLS loans. How much of that amount is projected to cover defaults in the proprietary sector?

Mr. Haynes: We estimate that approximately 55 percent of the total request, $1.1 billion, is needed to pay default claims from the proprietary sector.

DEPARTMENT'S DEFAULT REDUCTION INITIATIVE

Mr. Obey: Have institutions with high default rates (over 20%) submitted default management plans as required by Department of Education default reduction regulations, published June 5, 1989?

Mr. Haynes: All institutions required to submit a default management plan have done so. As of March 12, 1990, 75 percent of the school default management plans have been approved. We expect the remaining 25 percent to be approved by the end of March, when the fiscal year 1988 cohort default rates will be announced.

Mr. Obey: Does the Department's estimate of $2 billion for default costs assume savings based on the successful reduction of default costs through these default management plans?

Mr. Haynes: The impact of the default management plans will not be fully felt until 1993 when we calculate and disseminate the cohort default rate for fiscal year 1991. Since the default management plans submitted by schools based on their fiscal year 1987 cohort default rates were approved in the second quarter of fiscal year 1990, there will be only one-half year's experience this year. Therefore, fiscal year 1991 will be the first full year for which the required default management plans will be place. We will be calculating the fiscal year 1991 cohort default rates in the Spring of 1993. At that time we will be in a better position to assess the initial impacts of the default management plans and other default reduction initiatives.

Mr. Obey: If so, what would the cost of default claims be if these default management plans are not successful?

Mr. Haynes: As previously described, there were no default costs savings resulting from the implementation of institutional default management plans included in our fiscal year 1991 budget request. It is still too early to estimate these savings with an acceptable level of accuracy; more experience with implementation of these plans is needed.

Mr. Obey: Does the Department have adequate resources to monitor whether or not institutions actually implement these plans and whether these efforts actually bring down defaults?

Mr. Haynes: Yes. The Department has requested additional resources in fiscal year 1991 for the default reduction initiative. The Department will conduct over 1,300 program reviews in 1991, compared to 768 in 1989 and 1,200 in 1990. Many of these reviews will provide an opportunity for the Department to determine whether schools are implementing their default reduction plans.

To assist in this effort, guarantee agencies are required to conduct biennial program reviews of all schools not required to submit these plans to the Department for approval. At this time, this group of schools includes all schools with default rates that exceed 40 percent. These schools are expected to implement all of the default reduction requirements included in Appendix D of the Department's default reduction regulations which were published on June 5, 1989. Therefore, they are not required to submit their plans to the Secretary for approval.

STUDENT LOAN DEFAULTERS

Mr. Obey: What proportion of this $2 billion request does the Department estimate are attributable to borrowers who cannot repay due to unemployment or low incomes, rather than will not repay?

Mr. Haynes: Nationally representative data with respect to borrower-provided reasons for default are not available at this time. However, student loan debt burden does not appear to be a problem for most borrowers. Preliminary results of a Department study of 1985-86 graduates of 4-year programs indicate that the average student loan repayment burden was only 4 to 5 percent of income in the first year out of school, when income is the lowest.

We would also note that borrowers who cannot pay due to unemployment can avoid defaulting on their loan by requesting a deferment. Finally, recognizing that repayment burden may be a cause of default in some cases, the Department is proposing a statutory amendment requiring lenders to offer graduated repayment schedules--which will keep repayment burdens low during the first few, often lower-income, years after a borrower leaves school.

Mr. Obey: What data does the Department have on whether or not these borrowers have been the victims of misrepresentation by certain institutions regarding their chances of employment?

Mr. Haynes: Although nationally representative survey data are not available on this subject, the anecdotal evidence, including evidence from program reviews, Inspector General audits, State-level reviews and media reports, suggests that misrepresentation of this kind is a continuing problem.

Mr. Obey: If the data doesn't exist, what are the Administration's plans for determining reasons for default, and then figuring out corrective remedies?

Mr. Haynes: A significant component of the Department's 1987 National Postsecondary Student Aid Study (NPSAS) is the "Student Loan Recipient and Postsecondary Transcript Survey" which collected postsecondary school transcripts for Stafford Loan recipients. This component provides the means to analyze such basic policy issues as the relationship between a borrower's educational activities and ability to cope with indebtedness, and the patterns of (although not the reasons for) student loan repayment or default.

The Department is building upon this effort by conducting research to analyze and compile statistics on defaults to determine why defaults occur, and to project default rates based upon the impact of the new initiatives. Also, we are currently studying completion and retention issues, and we plan to evaluate the effectiveness of the default reduction initiative. Finally, we expect to publish and make available to institutions of postsecondary education a compilation of known effective default prevention techniques.

OVERALL IMPACT OF STUDENT AID PROPOSALS

Mr. Stokes: Given the erosion of the Pell Grant dollar, I am disappointed that the Department has not chosen to strengthen other sources of financial aid. The State Student Incentive Grants are once again slated for elimination. The Work-Study program is proposed for level funding, as is the Supplemental Educational Opportunity Grant Program. The Department claims that it is expanding educational opportunities for disadvantaged students, but I do not see that the financial needs of these students are being taken into consideration. Can you address this situation? Does the Department have a strategy for ensuring that disadvantaged students truly have access (financial) to higher education?

Mr. Haynes: There has not been any erosion in Pell Grant support for needy students. Between 1980 and 1989, for example, the level of Pell Grant aid for students rose by 36 percent, after adjustment for inflation. Also, the Administration's request for State Student Incentive Grants (SSIG), Supplemental Educational Opportunity Grants (SEOG) and the Work-Study program does not indicate a lack of support for the Title IV student aid programs. Our SSIG request reflects the fact that the program has accomplished its goal of encouraging States to develop need-based grant assistance programs. All States now support need-based aid programs, and State expenditures for grant aid have continued to expand in recent years as Federal funding has decreased or remained level. Total grant assistance to students under the SEOG program will increase by about 6 percent in fiscal year 1991 due to the statutorily mandated increase in the required institutional share of program expenses.

More importantly, though, the Department's fiscal year 1991 request for Pell Grants, the most need-targeted student aid program, represents nearly a 10 percent increase over the prior year appropriation. While it is true that a large part of the increase is earmarked for prior year funding deficiencies, it is, nevertheless, evidence of the Department's commitment to providing meaningful grant assistance to disadvantaged students. In other words, the Department's response to the fiscal year 1989 shortfall could have been to implement the statutory reduction formula and reduce awards to many students and completely eliminate the awards of others. Similarly, we could have proposed to reduce fiscal year 1990 awards in addition to the reduction required by the Gramm-Rudman sequester. In both cases, we chose not to. These actions, in addition to the increase requested specifically for fiscal year 1991--which would provide Pell Grants to 175,000 more students in 1991 than in 1990--demonstrate our resolve to continue to help assure access to postsecondary education for disadvantaged students.

ABILITY-TO-BENEFIT PROVISION

Mr. Stokes: As part of its effort to strengthen the Pell Grant program, the Department is proposing to modify the ability-to-benefit provisions of the Pell Grant. Under this proposal, any student admitted on the basis of ability-to-benefit would have to pass, prior to enrollment, a test developed and administered by an organization independent of the enrolling institution.

How do you envision this would work? Would there be one standardized test or is there the possibility that each institution would have its own test?

Mr. Haynes: The ability-to-benefit test would be required for all Title IV student aid programs, not just Pell Grants. It would be formulated and administered by an independent organization such as an academic testing service. The Department would determine that the testing organization is truly independent of the schools that rely on the test to establish their students' ability-to-benefit. The test would measure the student's ability to complete successfully the course of study for which the student has applied for admission. Requiring that a student pass a test in order to obtain Federal student financial assistance would significantly reduce the abuse of the current ability-to-benefit criteria by limiting a school's capacity to enroll inadequately prepared students in order to increase the Federal funds flowing to the school. More than one test could be developed for purposes of this provision in order to measure appropriately a student's ability to complete a particular type of educational program.

The appropriate accrediting agency would determine what constitutes a passing score on the test. However, if the Secretary determines that students who achieved passing scores on the test are not achieving substantially the same graduation, job placement, or State licensing examination pass rates as students attending the same schools who received their high school diplomas or GEDs prior to admission to such schools, the Secretary may:

- establish a different passing score;

- requires a different accrediting agency to establish the passing score on the test; or
- require that a different test be administered to students seeking admission at the institution.

Mr. Stokes: What percentage of students eligible for Pell Grants are admitted to institutions on an ability-to-benefit basis?

Mr. Haynes: Data from the Department's 1987 National Postsecondary Student Aid Survey indicate that 2.4 percent of all undergraduate students are admitted on an ability-to-benefit basis. The Department estimates that approximately 5 percent of all Pell Grant recipients are admitted on an ability-to-benefit basis.

According to a 1984 GAO study, approximately 28 percent of Pell Grant recipients at proprietary institutions are admitted on the basis of ability-to-benefit proposal would eliminate one half of the recipients admitted on an ability-to-benefit basis.

DEFAULTS AT PROPRIETARY SCHOOLS

Mr. Stokes: Have the proprietary schools taken steps to bring down the default rate? Is the Department working with them?

Mr. Haynes: We expect that all schools with high default rates will make the required effort to lower their rates. Otherwise, schools with default rates above 40 percent would be exposed to Department-initiated adverse actions (limitation, suspension and termination) beginning in fiscal year 1991.

Currently, all schools with default rates above 20 percent must carry out a default management plan, and schools with rates above 30 percent must delay the disbursement of loan proceeds for first-time borrowers for 30 days and implement a pro rata refund policy for all loan recipients at their schools.

The Department is working with all institutions to reduce default rates, and expects to publish a booklet of known effective default prevention techniques which can be used by institutions in their efforts to reduce defaults. We also plan to evaluate all aspects--administrative, regulatory, statutory--of the Secretary's Default Reduction Initiative.

The Department plans to enhance its consumer information activities as well. All schools offering undergraduate nonbaccalaureate vocational training are now required by regulation to disclose graduation, job placement and State licensing examination pass rates. The Department intends to compile these statistics in a guide that will be widely available to consumers. We believe this information will help students better evaluate their chances of success in different programs and institutions. Better consumer decisions regarding vocational training programs and increased pressure on schools to improve their performance in these critical areas will ultimately reduce the incidence of dropouts and defaults.

Mr. Stokes: Has the Department considered the possibility of establishing a separate financial aid program for students at proprietary schools? Would it be feasible or desirable to do so?

Mr. Haynes: On September 28, 1989, the Secretary announced public hearings and solicited written comments regarding the reauthorization of the Higher Education Act of 1965 (HEA). The Secretary specifically invited comment on the issue of proprietary school participation in the Title IV student assistance programs. The Administration's HEA reauthorization proposal will address this issue.

WORK-STUDY

Mr. Stokes: You expect to assist 876,000 students through the Work-Study program in FY 1990. The FY 1991 request would only support 871,000. Why would the Department propose to assist fewer students?

Mr. Haynes: We do estimate that our proposal to level-fund the Work-Study program would result in larger awards to 5,000 fewer students. However, given the limited funds available for increases in student aid, we feel that the increases should be targeted primarily toward the most need-based of the Department's student aid programs--the Pell Grant program. (We estimate that our 1991 student aid proposals will provide Pell Grants to 175,000 more students than in 1990.) We also know that the Nation's economy is strong and that unemployment is low. As a result, job opportunities in the private sector are at a high level.

DEPARTMENT'S REPORT ON DEFAULTS

Mr. Early: The committee requested in the 1990 House Report that the Department report on the history of the default problem and default loses under both Stafford and Perkins Loans to be submitted by January 1, 1990. What is the status of this report?

What changes does the report recommend to improve the default rate of either the Stafford or Perkins Loan programs? Is the Administration planning on implementing any of the report recommendations?

Mr. Haynes: The Department has almost completed this descriptive report and will be submitting it to the Congress shortly. The report will not include new policy recommendations.

"LESS-THAN-HALF-TIME" STUDENTS

Mr. Early: The Administration is requesting that eligibility for the Pell Grant program be reinstated for less-than-half-time students. If this request is adopted, how many less-than-half-time students will participate in Pell? What will be the cost of less than half time students for FY 1991 to the Pell Grant program?

Mr. Haynes: The Department estimates that the fiscal year 1991 request for Pell Grants would provide assistance totaling $46 million to 169,000 less-than-half-time students.

GRADUATION RATE OF LESS-THAN-HALF-TIME STUDENTS

Mr. Early: What is the graduation rate of less-than-half-time students for the past 10 years?

Mr. Haynes: Nationally representative data on graduation rates for less-than-half-time students do not exist. Such data would, necessarily, need to track students for an exceptionally long period of time. Furthermore, a student may be in less-than-half-time status for only one semester and attend full-time from then on, making it very difficult to make a summary statement about less-than-half-time attendance status.

However, the Department's 1987 National Postsecondary Student Aid Study (NPSAS) provides some insights into less-than-half-time students and their postsecondary education experience. Less-than-half-time students are usually in their first or second year of study, and intermittent enrollment is characteristic of these students. That is, they tend to "stopout" and then subsequently re-enroll (which distinguishes them from "dropouts"). Of those who leave school, three-fourths indicate their intention to return.

Other Department of Education longitudinal studies, including the National Longitudinal Study of 1972 (NLS-72) and High School and Beyond (HS&B), provide some information on the stopout phenomenon. Degree attainment for these students is improving. The graduation rate for stopout students in the HS&B cohort from 1980, six and one-half years after graduation, was 30.3 percent while the rate over a similar time period for students from the NLS-1972 study was 19.0 percent.

Mr. Early: How many years does it take for the average less-than-half-time student to graduate?

Mr. Haynes: The Department cannot confidently answer this question since nationally representative data on graduation rates for less-than-half-time students do not exist. It is especially difficult to describe the characteristics of the "average" less-than-half-time student since a student may be attending school full-time one semester, but taking only one course the next semester. If a student were to remain less-than-half-time and went to school year round including the summers, it would take about 10 years to complete a BA degree. But we doubt that many students are doing this. Less-than-half-time students are probably just starting their education or taking on a lighter workload one semester for personal reasons in between semesters of full-time or part-time course work.

Mr. Early: What is the average cost per class (including fees and tuition) for less-than-half-time students, and how does that compare to the cost of the average full time student?

Mr. Haynes: The Center for Education Statistics does not collect student tuition charge data by the attendance status of the student. We do know that undergraduate tuition and required fees averaged $1,160 and $6,820 for public and private institutions, respectively, during the 1987-88 academic year. The student's cost for less-than-half-time attendance would, of course, be less than half of these charges.

The Department's 1987 National Postsecondary Student Aid Study (NPSAS) collected student-level information regarding full-time and part-time enrollment, but not less-than-half-time enrollment. However, we do know from NPSAS that part-time students (enrolled in the fall of 1986) typically attended public community colleges, where costs are relatively low.

PROPOSED AMENDMENT REGARDING "SPECIAL CIRCUMSTANCES"

Mr. Early: The Administration is proposing language which would permit the Secretary to prescribe "special circumstances" under which the definition of adjusted annual family income may be modified. Could you give me examples of what would be "special circumstances"?

Mr. Haynes: "Special circumstances" include loss or reduction of income due to 1) a recent death, 2) disability, 3) loss of untaxed income or unemployment compensation, 4) extended unemployment (ten weeks or more), 5) a natural disaster, and 6) separation or divorce. These conditions are applicable to the parent(s) of a dependent student or to the independent student and his or her spouse.

INDEPENDENT STUDENTS

Mr. Early: Students who turn 24 are automatically considered to be independent for Federal financial purposes. How many students fell under this category during FY 1990?

Mr. Haynes: For 1987-88, the most recent year for which this information is available, 44 percent of all Pell Grant recipients were 24 years or older.

Mr. Early: Are there more students under this category now than was the case in previous years?

Mr. Haynes: During the 1986-87 award year, 42% of all Pell Grant recipients were 24 or older. This proportion grew to 46 percent in 1987-88. Additionally, the proportion of all independent students among Pell Grant recipients continues to rise. In fiscal year 1990, the Department estimates that nearly 61 percent of all Pell Grant recipients will be financially independent of their parent(s) using the definition of independence in current law. This ratio is estimated to increase to slightly higher than 62 percent in fiscal year 1991 under our request.

Mr. Early: If so, what reasons does the Administration believe contribute to this rise?

Mr. Haynes: The increasing proportion of independent students among Pell Grant recipients is likely due in part to a relative aging of the postsecondary student population. The reasons for this aging include individuals who delayed their entry into postsecondary education after high school, returned to college or vocational schools for further education and/or training for job advancement purposes, or simply now realize the opportunities made available through higher education.

In addition, the 1986 change in the statutory definition of student independence has clearly resulted in additional applicants being considered independent under a number of different independence criteria.

EXPENDITURES FOR INDEPENDENT STUDENTS

Mr. Early: What was the total FY 1989 expenditure for independent students?

Mr. Haynes: Fiscal year 1989 Pell Grant program expenditures for independent students are estimated to total $3.055 billion.

Mr. Early: What is the predicted FY 1990 and FY 1991 expenditure for independent students?

Mr. Haynes: We estimate that for fiscal years 1990 and 1991, expenditures for independent students in the Pell Grant program will be $3.172 billion and $3.320 billion, respectively.

Mr. Early: How much money does the Administration believe would be saved if students who turned 24 were not automatically considered independent, but independence was determined on a case-by-case basis?

Mr. Haynes: In 1986-87, 38 percent of all Pell recipients were independent and 24 years of age or older. The percent of all recipients age 24 or older was 42. For 1987-88, 43 percent of all Pell recipients were independent and 24 years of age or older, while 43 percent of all recipients were age 24 or older.

The dramatically increased percentage of independent recipients age 24 and above in 1987-88 reflects 1) changing the definition of an independent student to include all students age 24 or older, and 2) overall growth in the number of independent students applying for Pell Grants. It is impossible to separate the percentage of the increase attributable to program growth from the percentage attributable only to the changing definition.

Further, if the law were to revert to the definition of an independent student that was in effect for the 1986-87 award year (which included measures of independence for those 24 or older), some independent students would be eliminated from the program while others would remain eligible, but as dependent students. There are no data available to show which students would be eliminated and which would become dependent.

Taking all of these problems into consideration, the Department has developed a gross estimate of the savings related to eliminating automatic independence at the age of 24 years. For 1991-92, it is estimated that roughly $54 million would be saved if students were not automatically considered independent at age 24.

SUPPLEMENTAL EDUCATIONAL OPPORTUNITY GRANTS

Mr. Early: The Administration is proposing level funding for SEOG for FY 1991 at $458,650,000 due to the increase in institutional matching funds. If the FY 1991 appropriation was adjusted for inflation, and added to that were the institutional matching funds, how many students would be served? How does this number compare to the Administration proposal?

Mr. Haynes: If the 1991 appropriation for the Supplemental Educational Opportunity Grant program were to be increased over the 1990 level to adjust for inflation (which we are currently estimating at 4.1 percent), the new funding level would be $477,455,000. Counting the amount generated by the program's institutional matching requirement, this appropriation would result in $536,500,000 of aid for 725,000 students, or 29,000 more students than under the President's Budget Request.

INCOME CONTINGENT LOANS

Mr. Early: The Administration is requesting $15,000,000 for Income Contingent Loans, an increase of $4,137,000. Could you provide a list of the number of applicants (not institutions) participating in the Income Contingent Loan program for each fiscal year since the program began?

Does the Administration believe this number represents an interest by students to participate in this program?

Mr. Haynes: The following table displays the number of Income Contingent Loan (ICL) recipients and the total amount loaned for each fiscal year for which institutionally reported data are available:

Fiscal Year	Number	Amount
1987	2,148	$4,727,626
1988	2,135	4,296,455

About one-half of the students who were offered ICLs in fiscal year 1987, the first year of the program, accepted them. In fiscal year 1988, this percentage increased to more than 63 percent. This indicates an increasing level of student interest in ICLs. However, our proposal for expanding the ICL demonstration program is not based on the level of student demand at the 10 currently participating schools. It is based, instead, on the need to improve the value of the demonstration by involving a more broadly representative sample of schools and students. It is estimated that approximately 30 institutions would participate in the ICL program under the proposed expansion.

GEOGRAPHIC CONSIDERATIONS FOR PELL GRANT ELIGIBILITY

Mr. Dwyer: The number of students receiving Pell Grants in New Jersey has declined in recent years. Some have argued that this has occurred, in part, because of the dramatic increases in real estate prices in New Jersey. As you may know, legislation, H.R. 1169, has been introduced which would exempt the family residence from Pell Grant need analysis. Does the Department support this legislation? What efforts are currently made to take a State's economic demographic into account?

Mr. Haynes: The amount of a Pell Grant is determined on the basis of a national eligibility formula, which is specified in the authorizing legislation and does not consider economic conditions specific to a particular State. At this time, the Department would reserve judgment on legislation that seems to address the need analysis formula on a piecemeal basis, inasmuch as we intend to address this issue in a more comprehensive manner in the Administration's proposal for reauthorizing the Higher Education Act.

ENROLLMENT STATUS OF ADDITIONAL 1991-92 PELL GRANT RECIPIENTS

Mr. Dwyer: This year, the Administration is requesting $5.277 billion in Pell Grant funding, an increase of $473 million. Of this amount, $106 million is slated to cover a projected shortfall for fiscal year 1990 and a $265 million shortfall in fiscal year 1989. In reality, the fiscal year 1991 budget request would only receive a $102 million increase, an extremely small increase. The budget justification states that the Department believes the fiscal year 1991 request will serve an additional 175,000 recipients. Will this number only reflect an increase in the less-than-half-time students? If not, what percentage of the 175,000 students will be part- or full-time?

Mr. Haynes: Of the additional 175,000 students who would receive Pell Grants in fiscal year 1991, we estimate that 169,000 would be enrolled on a less-than-half-time basis. Of the remainder about 93 percent or 5,580 would be full-time students and about 420 would be less-than-full-time but at least half-time.

REDUCTION IN PERKINS LOANS

Mr. Dwyer: In the budget justification repeated references are made to supporting student assistance programs which serve the most needy. Despite the Administration's interest in helping lower income students, the Administration has once again called for the elimination of the Perkins Loan program, which provides long-term, low-interest loans to financially needy students. How can you justify this request?

Mr. Haynes: The Department has not called for the elimination of the Perkins Loan program; rather, we have not requested any additional Federal capital contribution. The enabling legislation for this program in 1958 envisioned a revolving fund composed of funds repayed by students who have received assistance under this program and of some minimal additional Federal capital contribution. Over the last 30 years, Federal capital contributions have totalled over $6 billion. The majority of institutions now participating in the Perkins Loan program have an adequate pool of money from these repayments to continue making new loans to qualified students. Approximately $744 million will be available for new loans in school year 1991-92 from institutional revolving funds, without additional Federal capital.

Perkins Loans provide heavy and unnecessary Federal interest subsidies to borrowers who pay no interest while in school and pay only a five percent interest rate during the repayment period. Under such costly and inefficient terms, the appropriation of additional Federal capital cannot be justified.

DECREASE IN GSL COSTS

Mr. Dwyer: As your budget justification states, "Guaranteed Student Loans play a major role in helping to provide access to and a measure of choice in postsecondary education." In addition, you have estimated that the $10.9 billion in GSLs made in 1989 represent 62% of Department of Education aid made to postsecondary students. Yet, the Department has requested a significant cut in these loan programs. It is my understanding that this decrease is based in part on unrealistic declines in our interest rates. Do you believe that these assumptions may cause the Department to request a supplemental?

Mr. Haynes: The primary reason for the reduced request is that Federal subsidy costs are expected to decrease due to a projected decline in 91-day Treasury bill rates. The average yield for 91-day Treasury bills is expected to be 7.4 percent in fiscal year 1990 and 5.7 percent in fiscal year 1991. Interest rate assumptions are provided as part of the general set of economic assumptions that is used by all Federal agencies to assure consistency in the Executive Branch's budget estimates.

When appropriations are insufficient to cover the costs of Guaranteed Student Loans for any reason, including an unanticipated rise in interest rates, the Department is nonetheless authorized to incur obligations through contract authority. Contract authority exists because of the entitlement nature of the subsidies related to these loans. In a shortfall situation, the Department has two options for securing the cash needed to liquidate unfunded obligations: (1) request a supplemental appropriation; or (2) request the additional cash in the subsequent fiscal year's budget. In the past, the Department has experienced such deficiencies, and at different times, each option has been employed. For FY 1990, the Administration has indicated that no supplemental appropriation would be requested for Guaranteed Student Loans.

DEFAULT REDUCTION EFFORTS

Mr. Dwyer: A number of legislative and regulatory changes have been made to the GSL program in order to curb the escalating default rate. When do you believe we shall see some improvements in this area? Do you believe that any of these changes may prove to be excessively onerous to smaller institutions, such as community colleges? Does the Department plan to request additional measures in this area during 1990?

Mr. Haynes: Under our regulatory and administrative initiatives and the legislative actions taken by Congress in the Omnibus Budget Reconciliation Act of 1989, net default costs are expected to decrease every year starting in 1991, and net cumulative default rates are expected to begin to decline in 1992. Yearly default costs are projected to stabilize and collection receipts are projected to increase.

The Department delayed implementation of the major sanctions of limitation, suspension or termination for an institution with a high default rate, to January 1, 1991, in order to allow the necessary time for the results of the default management efforts to be reflected in a school's cohort default rate. The recent media attention and congressional and Administration efforts may have already had a beneficial effect, given that the cohort default rate declined slightly from FY 1986 to FY 1987 (21 percent to 17 percent). However, for various technical reasons this trend is inconclusive. Other variables may have influenced the FY 1987 rate, such as improvement in the quality of data. The 1988 cohort default rate will be released shortly, and we hope to see the downward trend continue.

The Department does not believe that any of the default reduction measures are particularly onerous to smaller institutions, whether they are community colleges, proprietary or vocational schools, or small 4-year schools. Our goal is to improve student outcomes, and to reduce the incidence of defaults. The Department's 1991 budget request for GSL includes additional proposals to reduce defaults. These include: delaying disbursements to all first-time borrowers; prohibiting commissions for recruiting and admissions activities; requiring credit checks for borrowers age 21 or older; requiring lenders to offer borrowers graduated repayment options; allowing defaulter wage garnishment by guarantee agencies; and tightening the ability-to-benefit provisions.

MEASURES TO IMPROVE COLLECTIONS

Mr. Dwyer: In addition to measures taken to curb future defaults, the Department has been pursuing a variety of administrative measures to improve collections on already defaulted loans, including IRS offsets and private collection services. Have the administrative measures taken to date improved collections? What proposals can we expect in the future in this area?

Mr. Haynes: Yes, these measures have been extremely effective. Since 1986, IRS offsets have produced collections of over $600 million; since 1982, Federal Salary Offsets have produced collections of over $50 million; and since 1981, the use of private collection services has produced collections of over $300 million. In fact, the rate of collections has increased as well as the absolute amount. Even though the cumulative gross default rate has increased since 1980, the cumulative net rate (reflecting collections) is virtually unchanged.

The FY 1991 budget request also proposes several legislative changes that would aid future collection efforts. Requiring students to provide driver's license numbers and other skip tracing information would make it easier to locate defaulters. Requiring lenders to perform credit checks on applicants age 21 or older would prevent defaults by identifying potential borrowers with bad credit histories and requiring them to obtain a credit-worthy co-signer. Future collection-related proposals may be anticipated when the Administration's Higher Education Act (HEA) reauthorization legislation is submitted to Congress with the 1992 Budget.

INCOME CONTINGENT LOANS

Mr. Conte: Dr. Haynes, the Income Contingent Loan program, a five year demonstration project, was started in the 1987-88 award year with the requirement that it be reviewed every five years. What is the status of that review? What do you now know that makes you want an additional $5 million for the program before you do the study?

Mr. Haynes: An evaluation report on the performance of the ICL demonstration project, during its initial year of operation (1987-88), is being prepared and will be distributed in the near future. During the ICL program's initial year of operation, the 10 participating schools made approximately $4.8 million in loans to about 2,100 students. The average loan amount was approximately $2,300.

For the past several years, the Department has requested the expansion of program participation beyond the ten institutions currently authorized. Given the sectoral (mostly private four-year colleges, only one two-year college, and no proprietary schools) and geographic distributions (two institutions located west of the Mississippi) of the participating schools, we do not think that a representative cross-section of students is being examined. This small sample of ten institutions cannot demonstrate the value and feasibility of the program for the broader institutional community.

Mr. Conte: What percentage of students who receive Income Contingent Loans are classified as having "need"?

Mr. Haynes: All ICL borrowers must have "need" in that their loans may not exceed educational costs minus other estimated assistance. In fiscal year 1987, 1,486 of the 2,148 I.C.L. borrowers (about 70 percent) had demonstrated "need" for financial assistance when an "expected family contribution" based on family need analysis is also taken into account. The corresponding figures for fiscal year 1988 were 1,434 of 2,135 (about two-thirds). The statute does not require that borrowers undergo need analysis, as is required for Stafford or Perkins Loan eligibility. This is appropriate because the ICL program does not contain any Federal subsidies, while the Stafford and Perkins loan programs do. Note that the largely unsubsidized SLS and PLUS loan programs also do not require need-testing.

Mr. Conte: Calculations I've seen indicate that for a graduate owing $13,000 from the I.C.L. program, who takes an $11,000 per year job and receives annual pay increases of 4%, it would take 24 years to repay $48,000, almost four times the amount borrowed. Under the Stafford program, a truly needy student could repay $19,000 in 10 years. What evidence do you have that the I.C.L. program is good for students? Would we be better off putting the money in other programs?

Mr. Haynes: We do not believe so. Using your example, we can illustrate the advantages of the Income Contingent Loan (ICL) program for student borrowers.

The interest obligation for Stafford borrowers is 8 percent for the first four years and 10 percent for the subsequent six years of repayments. Thus, the average interest rate for a ten year repayment period is 9.2 percent. Since the monthly repayment obligation for a $19,000 loan at 9.2 percent interest for ten years is about $243, the total amount repaid would be a little more than $29,000. For an individual with an $11,000 annual income, $243 is more than one-fourth of monthly before-tax income.

The same student who borrows $13,000 under the ICL program would have a monthly payment equal to five percent of income (about $46) for the first year. The monthly payment obligation increases as income increases, but the average monthly repayment over the term of the loan would be only $167. This can be quite advantageous, especially in the initial years, when borrower income--and repayment amount--will likely be low. In a very real sense ICL borrowers are free from the prospect of large repayment amounts that are often associated with Stafford loans and SLS, allowing them the economic freedom to pursue careers in less renumerative areas of interest (e.g., public service).

Moreover, I would like to emphasize that the ICL program is not interest subsidized and usually offered by institutions as an alternative to commercial loans or to PLUS or SLS loans, rather than to the heavily subsidized Stafford Loan. The monthly repayment burden comparison between ICL and SLS is even more dramatic than the Stafford Loan comparison provided above.

FREE APPLICATIONS

Mr. Conte: I've seen reports that the budget includes $7 million to permit needy students to apply for student aid without an application fee. Where is that reflected in the budget?

Mr. Haynes: We have included an increase of $7 million in our Program Administration budget request to allow students to apply for Federal student aid without an application fee beginning in the 1991-92 school year. Our multiple data entry (MDE) contractors will provide the Federal assistance portion of their applications free to students.

Mr. Conte: I've also detected some distress that the Department does not plan to continue publishing its student aid guide. Can you tell us or even show us what guide it is that you're not publishing and what you propose in its place?

Mr. Haynes: While budget limitations necessitated the publication of a shorter Fact Sheet, the Department continues to provide the essential information about Federal student assistance to the public. We have provided the committee with a copy of the The Student Guide: Financial Aid from the U.S. Department of Education 1989/90 and a copy of the Federal Student Aid Fact Sheet 1990-91.

DEFAULT AMNESTY

Mr. Conte: Last year's Reconciliation bill called for a student loan default amnesty of 6 months starting March 1. Can you tell us what your plans are here? Does this amnesty have anticipated revenues associated with it?

Mr. Haynes: The Department intends to implement the student loan default amnesty program as effectively and efficiently as possible. Over the past several weeks we have initiated the following activities to publicize this program:

- announced the program via Departmental press release on February 15, 1990;
- notified all defaulters (more than 600,000) whose loans are held by the Department;
- sent letters to the National Council of Higher Education Loan Programs (NCHELP), each guarantee agency, and the Department's regional offices on February 16, 1990, containing the press release and encouraging each guarantor to contact defaulters whose paper they currently hold as the Department has done;
- issued a "Dear Colleague" letter to all guarantee agencies describing their responsibilities for the program;
- issued a "Dear Colleague" letter to all schools including the press release and encouraging them to publicize the program in their alumni publications; and
- suggested to Members of Congress that they include a description of the program in their constituent newsletters.

The following additional actions in this publicity campaign are also likely:

- broadcasting public service announcements in major radio markets nation-wide;
- advertising in newspapers in 10 major urban newspapers timed to coincide with the radio announcements;
- publishing columns in weekly "shopper" newspapers, again on the same schedule as the radio announcements; and
- utilizing the Department's Public Inquiry Contractor (PIC) to assist defaulters in locating their note holders.

The Department estimates that collections on defaulted loans during this 6-month period will amount to approximately $33 million more than would have been collected had this program not been implemented. However, it should be noted that this estimate assumes a reduction in revenues after fiscal year 1990 because many of these defaulters would probably have repaid their loans in later years. Because of timing and estimation problems, neither 1990 savings nor 1991 and beyond costs due to this program are reflected in GSL estimates contained in the 1991 Budget.

GUARANTEED STUDENT LOAN SHORTFALL

Mr. Conte: Both the Pell Grant and Stafford Loan programs have prior year obligations. You are requesting additional funds to offset the Pell Grant shortfall but not requesting any for the Stafford Loan program. Why are you treating the Stafford Loan program differently?

Mr. Haynes: The Department's 1991 appropriation request of $3.368 billion includes $260 million to cover GSL obligations incurred in 1990.

Mr. Conte: When interest rates climb, the Stafford Loan program is very vulnerable. How much would a one percent increase in interest rates during 1990 cause the student loan program to increase?

Mr. Haynes: In the Stafford Loan program, interest subsidies are paid on the outstanding principal balance of loans and the amount of the "special allowance" subsidy varies quarterly with the average 91-day Treasury bill rate. Our estimate of the outstanding principal balance of Stafford Loans at the end of fiscal year 1990 is $44.246 billion. A one percent increase in the average 91-day Treasury bill rate would add about $442 million to fiscal year 1990 Stafford program costs.

INTEREST RATE ASSUMPTIONS

Mr. Conte: What interest rate assumptions did you use to develop your budget proposal? How vulnerable is that program?

Mr. Haynes: The interest rate projections the Department uses for estimating Stafford Loan program costs are the 91-day Treasury bill rates included in the Administration's economic assumptions accompanying the President's Budget. These assumptions project average T-bill rates of 7.4 percent for fiscal year 1990 and 5.7 percent for fiscal year 1991. All Federal agencies use these assumptions to assure consistency in the Executive Branch's budget estimates.

Given the nature of the Stafford Loan interest subsidies, program costs are very susceptible to external economic developments. However, the 91-day T-bill rate has fallen considerably in the past year and there is no compelling reason to believe that it will not continue to fall in the near future.

Mr. Conte: What will you do if program costs have increased when the mid-session review is conducted?

Mr. Haynes: When appropriations are insufficient to cover the costs of Guaranteed Student Loans, the Department is nonetheless authorized to incur obligations through contract authority. Contract authority exists because of the entitlement nature of the subsidies related to these loans. The Department has two options for securing the cash needed to liquidate unfunded obligations: (1) request a supplemental appropriation; or (2) request the additional cash in the subsequent fiscal year's budget. In the past, the Department has experienced such deficiencies and, at different times, each option has been employed. For 1990, the Administration has indicated that no supplemental appropriation would be requested.

CONSUMER DISCLOSURE REQUIREMENTS

Mr. Conte: The consumer disclosure requirements in the June 1989 regulations frequently don't make sense for community colleges. Are you considering changing these requirements?

Mr. Haynes: The consumer disclosure requirements apply to all schools that offer undergraduate non-baccalaureate vocational training programs or that make specific claims regarding job placements of their graduates. These requirements apply only to specific training programs that are vocational in nature--not to all courses offered by community colleges.

The purpose of the regulations is to allow the student consumer to have comparable data on the success rates of the school's former students, in order to make an educated choice regarding the best program for that individual.

The Department is not contemplating a modification to these requirements. However, we have been working with schools to make the initial year of implementation as smooth as possible. We will continue to work with schools to refine the requirements and lessen the administrative burden.

WORK-STUDY--IMPACT OF NEW MINIMUM WAGE

Mr. Conte: Last fall Congress raised the minimum wage. How is this change reflected in your budget? Won't level funding for this program produce a net reduction in aid to students?

Mr. Haynes: We do not anticipate that the new minimum wage will have an appreciable impact on the average amount of Work-Study assistance awarded or on the number of recipients. We base this projection on our past experience with minimum wage increases, which did not appear to affect recipient numbers, and on the nature of the program. Since the Work-Study program is primarily a student aid program and not an employment program, the amount awarded to a student is based on the need of the student and not on a set number of work-hours. If an institution must increase its Work-Study wage rate because of the new minimum wage, the impact on its Work-Study students would most likely be that they would work fewer hours for the same amount of Work-Study assistance.

However, we are projecting a small increase in the average Work-Study award and a small reduction in the number of recipients in 1991 primarily to reflect the trends in recipients and average awards under this program over the last several years. Award amounts have increased slightly, with recipients declining slightly, during years in which the appropriation level has stayed the same or varied in small amounts.

INSTITUTIONAL CERTIFICATION

Mr. Conte: What are you doing to follow-up to the Inspector General's recommendation that the rules pertaining to certifying institutions for financial aid eligibility be more strictly enforced?

Mr. Haynes: We have carefully reviewed the report to which you refer, "Financial Analysis Certification Process Not Adequate to Protect Students and Government" (OIG, 9/89). This audit made 22 recommendations for strengthening the certification process. In our response to OIG, we concurred with 20 of these recommendations and have either implemented them or initiated action to implement them.

FINANCIAL AID PERSONNEL TRAINING

Mr. Pursell: Student loan defaults have ballooned in recent years, and I am pleased that the Administration is proposing measures in next year's budget to address this problem.

Loan defaults are nothing new -- like the general public, students have defaulted on loans in the past and a certain number of defaults will continue to occur no matter what measures are taken. Some are the result of economic misfortune on the part of the student who otherwise would have been able to repay, given his or her career preparation. In other cases, the borrower never had any intention of repaying.

I would venture to guess that most defaults are the result of a loan that should have never been granted in the first place -- that is, the student was not likely to be able to repay upon graduation.

What role does the Department perform to educate and train financial aid personnel in the schools, to help them provide necessary guidance to students and to successfully determine student eligibility? How has this role changed in recent years?

Mr. Haynes: The Office of Student Financial Assistance (OSFA) provides a wide variety of information and training-related services to financial aid personnel at postsecondary educational institutions. Several publications are updated and disseminated annually to all institutions; these include the Federal Student Financial Aid Handbook, a comprehensive reference manual covering all facets of aid administration, and the Pell Grant and Congressional Methodology Formula Books, which provide detailed explanations and worksheets for determining a student's Expected Family Contribution under each formula.

OSFA also sponsors national and region training workshops throughout the year, including week-long Basic Training sessions aimed at aid administrators who are just entering the field or whose schools are just beginning participation in the Federal programs. A workshop series on the delivery of Federal student aid (covering the application process through disbursement of funds) is held annually, and sessions targeted at specific topic areas are conducted on an as-needed basis. For aid personnel who cannot attend training, OSFA offers a set of written modules, A Self-Instructional Course in Student Financial Aid Administration, which can be completed on the job.

In addition, the Federal Student Aid Information Center operates a toll-free information line that is available to aid personnel, students, and parents. The Center can answer a full range of questions about aid administration, application procedures, and student eligibility. To educate students about the aid process and their responsibilities, OSFA publishes a Fact Sheet which is disseminated through postsecondary and high schools nationwide.

In recent years, as the aid program requirements have become more complex and new initiatives, such as the Default Reduction Initiative, have been implemented, the information and training-related services to aid personnel and students has expanded to meet changing needs.

CONSUMER INFORMATION DISCLOSURE REQUIREMENT

Mr. Pursell: I have received complaints from many educational institutions in my State regarding the Default Reduction Regulations which were implemented last year.

I am very pleased that the Department has taken measures to address loan defaults in areas where defaults have been traditionally very high. These regulations are necessary to address the problems we often find at the trade schools, where high default rates and low job placement rates are common.

Do you agree that liberal arts colleges and universities should also be covered by the new Default Reduction Regulations? For example, there are colleges in my district whose students are already employed when they start school, and who are pursuing a degree for promotion opportunities and NOT as a means for choosing a career. And yet, the college must provide job placement rate data to and on these students.

Do you believe the regulations are being effectively applied in these instances?

Mr. Haynes: The provisions require schools to collect and disseminate certain consumer disclosures (completion rates, job placement and pass rates of State examinations, if applicable) to prospective students who enroll in specific types of programs. These include: (1) undergraduate, nonbaccalaureate programs designed to prepare students for a particular vocational, trade or career field; or (2) all programs (not restricted to undergraduate, nonbaccalaureate programs) for which the school makes a claim with respect to the job placement experience of its students in order to attract students to enroll in the program. Thus, liberal arts colleges generally are required to make such consumer disclosures when the school makes job placement claims. The Department believes that the regulations are being applied effectively because the disclosure requirements are limited to programs that lead generally to employment in a particular trade or vocational field.

STATE STUDENT INCENTIVE GRANTS

Mr. Pursell: State Student Incentive Grants (SSIG's) is a rare Government investment providing a State match dollar-for-dollar. Given that this program is need-based and that the States match dollar-for-dollar, and in many cases provide a higher match, do you agree with the Administration's proposal to terminate Federal participation? Do you believe that the States, particularly the poorer ones, would have the incentive or the ability to continue the SSIG program?

Mr. Haynes: We believe that Federal support for the SSIG program should be discontinued because the program has fulfilled its purpose of encouraging States to expand their student assistance programs. As your question indicates, State expenditures for student aid have now increased beyond the required match to the point that the Federal share constitutes less than 4 percent of the total State grant effort. Furthermore, we do not believe that State legislatures would reduce current funding levels if Federal support were withdrawn. Over the last 4 years, States have increased their support for need-based student grants by an average of $96 million a year, regardless of the level of Federal support.

COLLEGE COSTS AND STUDENT AID

Mr. Pursell: During the last decade, as college costs have risen dramatically, how has Federal financial assistance fared as a percentage of total costs? Is the Federal Government providing the same level of assistance as it was 10 years ago?

Mr. Haynes: According to the Department's Digest of Education Statistics (1989), the average undergraduate cost (tuition, required fees, room and board) for the 1980-81 academic year at institutions of higher education was $3,101. The most recent comparable figure was $5,510 for the 1987-88 academic year. This represents a 77 percent increase.

During the same time period: (1) federally supported student assistance increased by 64 percent; (2) the Consumer Price Index (adjusted to correspond to the academic year, that is, July 1 to the following June 30) increased by 33 percent; and (3) per capita after-tax personal income increased by 50 percent. Clearly, the Federal Government continues to provide substantial financial assistance to economically disadvantaged students. While aid volume has not fully kept up with the growth in postsecondary costs, it has grown in real terms, increasing almost twice as fast as general inflation over this period.

DEPARTMENT'S DEFAULT REDUCTION RULES

Mr. Porter: The Department made a number of significant changes to the loan programs to reduce defaults. Please describe these changes briefly.

Mr. Haynes: Recent final default reduction regulations contain the following key elements:

- a graduated series of default rate "triggers" which mandate specified default-reduction measures for postsecondary institutions based on the seriousness of their default problem;
- consumer information requirements designed to inform students of their educational opportunities and their loan obligations in a more effective manner;
- a pro-rata refund policy for high default schools; and
- a provision requiring delayed disbursement of student loans to first-time borrowers, also for high default schools.

Administrative initiatives by the Department to improve its default prevention efforts include intensified enforcement of existing Guaranteed Student Loan program requirements, and strengthening loan collection efforts.

We are also seeking, additional legislative changes, such as risk-sharing by the guarantee agencies, requiring leaders to provide graduated repayment schedules, garnishment of defaulters' wages, delayed disbursement for all schools, prohibiting schools from employing commissioned sales representatives for recruiting and admissions activities, and requiring students to provide license numbers and other skip-tracing information.

Mr. Porter: In dollar terms, what effect will these changes have on defaults in FY 1990? In FY 1991?

Mr. Haynes: Any effect of the default reduction actions will likely not be apparent in fiscal year 1990 since most new regulatory and legislative initiatives will affect only new loan volume and therefore will reduce default costs in the future. While the Department expects some impact in fiscal years 1990 and 1991, we anticipate an even greater impact in the outyears.

However, delayed disbursement and pro-rata refund requirements for schools with default rates greater than 30 percent are examples of regulatory measures which should affect costs in both fiscal year 1990 and 1991. These provisions went into effect on October 1, 1989 and are expected to produce approximate savings of $6 million in 1990 and $16 million in 1991. Additionally, the 1989 Reconciliation Act provides legislative measures which should also reduce default costs, by reducing the SLS loan volume. For instance, "ability-to-benefit" students are not eligible for the SLS program until they obtain a GED or equivalent. In all, these legislative provisions are expected to produce an approximate savings of $5 million in 1990 and $94 million in 1991.

LIMITATION/SUSPENSION/TERMINATION ACTIVITIES

Mr. Porter: How many schools were subject to Limitation, Suspension and Termination (LS&T) activities in each of the last five years? Please break these numbers out by each of the three activities.

Mr. Haynes: The following table provides the information requested:

Summary of Administrative Actions

	FY 85	FY 86	FY 87	FY 88	FY 89
Terminations Initiated	14	13	14	27	30
Terminations Completed	3	5	1	10	16
Suspensions*	--	--	--	--	--
Limitations/Settlements	6	8	2	8	5
Emergency Actions	2	2	2	9	1

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* Suspension authority is rarely used because it is effective for only 60 days, and yet requires the same administrative hearing process as a termination.

Mr. Porter: How many do you expect in FY 1990? In FY 1991?

Mr. Haynes: We estimate the following number of schools to be subject to limitation, suspension and termination actions in FY 1990 and FY 1991:

	FY 1990	FY 1991
Terminations	30	100*
Limitations	8	8
Suspensions	0	0
Emergency Actions	5	10

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* Includes 70 schools with current default rates greater than 60 percent.

CONSUMER DISCLOSURE REQUIREMENTS

Mr. Porter: Please describe the reporting requirements of community colleges under Section 668.44 in the Title IV regulations under the Higher Education Act.

Mr. Haynes: All postsecondary institutions must comply with the same reporting requirements under section 668.44 if the schools offer specific types of programs. These include: (1) undergraduate, nonbaccalaureate programs designed to prepare students for a particular vocational, trade or career field; or (2) all programs (not restricted to undergraduate, nonbaccalaureate programs) for which the school makes a claim with respect to the job placement experience of its former students in order to attract students to enroll in the program. This provision applies to community colleges, private career schools and 4-year colleges and universities that offer the types of programs covered.

For such courses, institutions are required to report the number and percentage of those students entering the program who complete the program, who pass the State licensing exam in the field, and who are placed in a job in that field. Note that only specific programs within a community college or other institutions that are designed to lead to a trade are affected by these requirements.

Mr. Porter: For the purposes of Section 668.44, community, technical, and junior colleges are treated the same as proprietary schools. Why is this?

Mr. Haynes: The consumer disclosure requirements apply to all schools that offer non-baccalaureate vocational programs or that make specific claims regarding job placements of their graduates. Since many community, technical and junior colleges offer the same types of programs as proprietary schools, the regulations apply to each sector in an identical manner.

The purpose of the regulations is to allow the student consumer to have comparable data on the success rates of the school's former students, in order to make an educated choice regarding the best vocational program for that individual, regardless of the type of school that offers the program. This disclosure requirement will ultimately benefit many community, technical, and junior colleges with relatively low default rates. It is apparent that the market forces that should operate to reward effective programs and weed out the ineffective ones are not currently working as well as they should. The Department believes that more informed consumer choice will do much to correct that problem, but this can only be accomplished if consumers have access to the information required under this provision for all programs of this nature, good and bad.

DEFAULT RATE OF TWO-YEAR SCHOOLS

Mr. Porter: I understand that together, community, technical, and junior colleges represent only 6% of the total dollars in default under the GSL program. Senior colleges and proprietary schools represent the other 94%. Are these figures accurate?

Mr. Haynes: No; they are not correct. Approximately 13 percent of the total dollars in default is attributable to 2-year schools, both public and non-profit privates. These same institutions account for about 6 percent of the total loan volume.

Mr. Porter: If so, how do you justify treating community colleges and proprietary institutions as one group?

Mr. Haynes: It is correct to note that with respect to defaulted dollars, the amount attributable to community, technical and junior colleges is a rather small percentage (13 percent) of the total. It should also be noted that 2-year colleges account for 6 percent of the total loan volume, so the incidence of defaulters at these schools is higher than could be expected.

The Secretary believes that all schools with high default rates, irrespective of the dollar value in default, should and can help reduce defaults. The strategy of the default regulations is to ensure more successful educational outcomes and thereby reduce the incidence of defaults by students who do not benefit from their education.

Mr. Porter: Many community colleges, including those in my district and throughout Illinois, believe that the deadline for compliance with Section 668.44 is unrealistic. What is the deadline, and how strictly is the Department enforcing it?

Mr. Haynes: This requirement became effective December 1, 1989. However, we have been working with schools to make the initial year of implementation as smooth as possible. For example, in many cases schools will be able to use sample data, instead of providing complete information during the first year. We will continue to work with schools to refine the requirements and lessen the administrative burden.

COMMENTS TO DEFAULT REDUCTION REGULATIONS

Mr. Porter: What kind of response did you get when these regulations were proposed? How many comments did you receive? How were these comments incorporated in the final regulations?

Mr. Haynes: The Secretary extended the public comment period for the September 16, 1988 notice of proposed rulemaking (NPRM) through February 28, 1989. The Department's extensive review of the 3,600 comments received in response to this NPRM resulted in many policy changes when the final rule was published on June 5, 1989.

A number of commenters suggested that the disclosures required by section 668.44 of the NPRM should be reserved for institutions having "unacceptable" default rates. Many commenters agreed that the disclosures were needed but suggested they apply to all programs and all schools. Several commenters supported the Secretary's proposal to target these disclosures to vocational training programs, particularly given the aggressive marketing techniques employed by many trade and technical schools. Several other sections of the NPRM, including the default management plans and the provisions requiring entrance counseling for borrowers, generated far more negative comment than section 668.44.

The final regulations did not change the types of programs covered by 34 CFR 668.44 because the Secretary believes that adequate and accurate information on dropout, job placement and State licensing examination pass rates is of critical importance to prospective students in evaluating the quality of undergraduate, nonbaccalaureate programs, in particular vocational, trade or career courses which are marketed and purchased almost exclusively for their value in imparting employable vocational skills. However, other changes were made in section 668.44. For example, the final rule requires that a school disclose a job placement rate based on the information it has regarding the job placement of its students, including dropouts. This disclosure of job placement rates for all students, not just graduates, provides prospective students with more useful information regarding their likelihood of success in the program than would disclosure of job placement rates for graduates only.

The Secretary revised section 668.15 of the regulation to implement a multi-tiered approach that authorizes the initiation of a limitation, suspension or termination (LST) action beginning in 1991 if the school does not implement an approved default management plan, and the school's default rate exceeds 60 percent, or if that rate exceeds 40 percent and has not been reduced by an increment of at least 5 percentage points from the preceding year's rate. Furthermore, the Secretary revised the NPRM to evaluate schools with small numbers of borrowers (fewer than 30) entering repayment in a fiscal year by a 3-year average default rate rather than the annual rate.

CONSUMER DISCLOSURE REQUIREMENTS

Mr. Porter: The new reporting requirements place a heavy data collection burden on community colleges. Most colleges simply don't have the capability to meet them. How is the Department assisting community colleges with compliance?

Mr. Haynes: All schools that offer nonbaccalaureate vocational programs have the same reporting requirements. The Department has issued guidance to schools clarifying the consumer disclosure measures and suggesting ways in which the administrative burden can be reduced. For example, schools are permitted to use sampling techniques to estimate their completion and placement rates for periods of enrollment prior to December 1, 1991. Similarly, schools need only report on the completion rates of their full- and half-time students for the initial year of the disclosures.

Additionally, the Department is considering ways to refine the regulations to reduce the administrative burden.

DATA COLLECTION MODELS FOR COMMUNITY COLLEGES

Mr. Porter: Have you developed any data collection models which recognize the unique data comparison requirements of community colleges? If so, when will they be available to community colleges? If you have not developed data collection models, shouldn't community colleges be exempt from the reporting requirements until the Department is able to offer adequate technical assistance?

Mr. Haynes: The Department has not developed any data collection models which schools may use to calculate the rates mandated by section 668.44. A number of States have approached the Department with requests to use the data collection methods which are currently in place of the community colleges in their States, although these systems do not correspond exactly with the regulatory requirements. The Department examines requests such as these on a case-by-case basis.

The Department has published two "Dear Colleague" letters which provide guidance to schools regarding methods to use to comply with the default reduction regulations during the initial years. These letters also provide explicit technical assistance and permit greater flexibility with respect to regulatory compliance, such as the use of sampling techniques to calculate job placement rates and the inclusion of only full- and half-time students in computing their completion rates.

DISCRETION TO DENY A LOAN

Mr. Porter: Does an educational institution have the right to deny a loan to a student, even if it has evidence that the student will not, or cannot, repay the loan? Given the responsibilities for default reduction that are now incumbent on educational institutions, why shouldn't they be allowed such discretion?

Mr. Haynes: Under current law, schools do not have the authority to deny a student the right to borrow under the Guaranteed Student Loan (GSL) programs as long as the student meets all eligibility criteria. The school may, however, inform the lender of any information which may indicate the borrower's unwillingness to repay the loan. Furthermore, the Department encourages all schools (and requires schools with default rates above 30 percent) to delay certifying GSL applications of newly enrolled students, until the student has established an attendance record during the first month of enrollment. This practice provides enhanced control to schools by avoiding the certification of applications, and thus the making of loans, to those students who drop out after a short period of time.

The Department is currently formulating the Administration's proposal for reauthorizing the Higher Education Act. This issue, providing schools with greater discretion in the area of selecting recipients in the student loan programs, will be addressed at that time.

EQUITY OF THE NEED ANALYSIS SYSTEM

Mr. Porter: Last year I asked about new formulas for determining student eligibility for loans and grants. I believe, as you do, that financial assistance should be targeted to low-income students. However, the eligibility formulas measure family assets as well as income. Do you believe the current system is equitable?

Mr. Haynes: The student eligibility formulas specified in the authorizing legislation currently do target grant and loan assistance to low-income students. The statute also provides an alternative calculation, the simplified needs test, for the lowest-income (less than $15,000) applicants which omits non-liquid assets from the formulas. Thus, for the lowest-income applicants, income is the sole financial determinant of eligibility.

In general, the current system appears equitable. However, there may be ways that the system can be improved. The Department is in the process of developing the Administration's proposals for reauthorizing the Higher Education Act. The Administration's views regarding the student eligibility formulas will be offered at that time.

Mr. Porter: Don't you believe that a purely income-based determination would be more equitable?

Mr. Haynes: If a family has assets which are available to pay for their children's postsecondary education, then those assets should be considered, at least in part, in the determination of financial need. We know, from the population of Pell Grant applicants, that family incomes and assets are positively correlated. That is, the level of assets tends to increase as incomes increase. It appears, then, that a purely income-based eligibility determination might favor those with higher asset levels, that is, higher-income families. In other words, dropping asset assessment could mean skewing the distribution of aid away from the neediest students.

Mr. Porter: What changes would you recommend to the eligibility formula?

Mr. Haynes: The Department is reviewing the current eligibility formulas as part of its consideration and discussion of issues for reauthorizing the Higher Education Act. Any changes to those formulas would be contained as part of the Administration's legislative proposals for reauthorization.

STUDENT LOAN FRAUD

Mr. Porter: How does the Department address criminal fraud in the loan programs? How many prosecutions are currently underway? Shouldn't the Department be doing more in this area?

Mr. Haynes: All allegations of criminal fraud are referred to the Office of Inspector General for Investigations (OIGI), which is the office that investigates criminal activity for the Department. The OIGI investigates all referrals that it receives.

If an investigation reveals criminal activity, the OIGI refers the matter to the Department of Justice, or to State and local officials, as warranted, for prosecution. If the Justice Department accepts the case, once it obtains an indictment or a conviction, the Department may also suspend or debar the target, as warranted, pursuant to its suspension and debarment authority. During FY 1990, through February 1990, the Department has imposed 3 suspensions, proposed 31 debarments, and imposed 25 debarments based on criminal indictments and convictions.

The Department may also initiate proceedings to terminate the eligibility of institutions to participate in the student aid programs when those institutions have violated program requirements, including commission of fraud. Where criminal allegations are involved, the Department usually defers to the wishes of the U.S.

Attorneys handling the criminal cases concerning whether and when to initiate such termination proceedings.

For the period from April 1, 1989 through September 30, 1989, OIGI investigations resulted in 97 indictments/informations and 114 convictions against individual loan recipients, school owners or officials, lending institutions or officials. Virtually all of these cases involved student loan funds.

Finally, the Department does all it can, within the confines of relevant laws and regulations, to prosecute and control criminal fraud in the student loan and other student aid programs.

SCHOOLS WITH HIGH DEFAULT RATES

Mr. Porter: Individual schools may develop high default rates for any number of reasons. In many cases, a high default rate may result from the poor quality of the services provided by the school.

However, some schools, despite good completion and placement rates, may still experience high defaults. For instance, severe regional unemployment or high incidence of poverty among former students may contribute to a high default rate. How do the new regulations protect good schools from LS&T proceedings when high defaults result from circumstances beyond their control? Are these protections adequate? What changes would you suggest to protect the "good apples" from procedures that are designed to punish the "bad apples?"

Mr. Haynes: Any school which feels it is potentially subject to LS&T proceedings is encouraged to implement the default management plan described in Appendix D of the GSL default reduction regulations (34 CFR 668), published June 5, 1989. An institution with a default rate that exceeds the threshold rate for a limitation, suspension, or termination may avoid these sanctions by demonstrating that it has made a diligent effort to implement the measures included in this appendix.

JUSTIFICATION OF THE BUDGET ESTIMATES

DEPARTMENT OF EDUCATION

Student Financial Assistance

Fiscal Year 1991 Budget Request — Page No.

Appropriation language.. I-1

Explanation of language changes.............................. I-3

Language analysis... I-4

Amounts available for obligation.............................. I-6

Budget authority by activity.................................. I-7

Budget authority by object.................................... I-8

Summary of changes.. I-9

Authorizing legislation....................................... I-11

Table of estimates and appropriations......................... I-13

Significant items in congressional appropriations reports...... I-14

Justification:

Account summary... I-16

Activities:
- 1. Pell grants.. I-20
- 2. Supplemental educational opportunity grants........ I-27
- 3. Work-study... I-31
- 4. Income contingent loans............................ I-36
- 5. Perkins loans:
  - a. Federal capital contributions.................. I-44
  - b. Loan cancellations............................. I-44
- 6. State student incentive grants..................... I-50

State table... I-53

STUDENT FINANCIAL ASSISTANCE

For carrying out subparts 1[,] and 2[, and 3] of part A and parts C[,] and D[, and E] of title IV of the Higher Education Act, as amended, [$6,044,097,000 together with an additional $131,000,000 which shall be available only for unfinanced costs in the 1989-90 award year Pell Grant program: Provided, that $286,000,000 shall only be available if such funds are necessary to pay a maximum grant of $2,300 during the 1990-91 program year] for award year 1991-92, 1/ $6,352,415,000, of which $5,277,000,000 for subpart 1 of part A shall remain available until September 30, 1993 and of which $1,075,415,000 for other programs shall be available until September 30, 1992: 2/ Provided, That up to $371,000,000 of the amount for subpart 1 of part A may be used for unfinanced costs in prior award year Pell grant programs: 3/ Provided further, That the maximum Pell grant that a student may receive shall be $2,300: 4/ Provided further, That notwithstanding section 479A of the Higher Education Act of 1965 (20 U.S.C. 1001 et seq.), student financial aid administrators shall be authorized, on the basic of adequate documentation, to make necessary adjustments to the cost of attendance and expected student or parent contribution (or both) and to use supplementary information about the financial status or personal circumstances of eligible applicants only for purposes of selecting recipients and determining the amount of awards under subpart 2 of part A, and parts B, C, and E of title IV of the Act [: Provided further, That notwithstanding section 411(b)(6)(B) of the Higher Education Act of 1965 as amended, no basic grant under subpart 1 of part A of title IV of that Act shall be awarded to any student who is attending on a less than half-time basis for a period of enrollment beginning on or after January 1, 1990, except that any such student who received a basic grant for a period of enrollment beginning before January 1, 1990, shall be eligible to receive a basic grant for a period of enrollment beginning on or after such date from funds appropriated for fiscal year 1989: Provided further, That notwithstanding section 411(b)(6)(B) of the Higher Education Act of 1965 as amended, no basic grant under subpart 1 of part A of title IV of that Act shall be awarded from funds appropriated for fiscal year 1990 to any student who is attending on a less than half-time basis:] 5/ : Provided further, That notwithstanding section 411F(1) of the Higher Education Act of 1965 as amended, the term "annual adjusted family income" shall, under special circumstances prescribed by the Secretary, mean the sum received in the first calendar year of the award year from the sources described in that section: 6/ Provided further, That any institution participating in any loan program authorized under part B of title IV of the Higher Education Act of 1965 as amended, with a default rate, as determined by the Secretary, that exceeds 30 per centum shall implement a pro rata refund policy that complies with minimum standards established by the Secretary in regulations, for any title IV aid recipient who withdraws before the earlier of six months from the beginning of the course of study for which the loan was received, or the date on which the student completes one-half of that course [and these provisos, except as specifically indicated, shall apply to all fiscal year 1990 funds, which shall remain available until September 30, 1991: Provided further, That the maximum Pell grant that a student may receive in the 1990-91 award year shall be $2,300.]: Provided further, That notwithstanding section 484 of the Higher Education Act of 1965 as amended, in order for a student to be eligible to receive grant, loan, or work assistance under title IV of that Act, the student shall be required to have received a high school diploma or its recognized equivalent, or, prior to enrollment in the course for which such assistance is sought, shall have secured a passing grade on a test of ability to complete that course which is developed, administered, and graded by one or more independent organizations identified by the Secretary. 7/ (Department of Education Appropriations Act, 1990; legislative action required.)

Explanation of Language Changes

1/ This language clarifies that all provisions, unless otherwise stated, apply to the 1991-92 award year.

2/ This provision would make Pell Grant funds available for three fiscal years. In authorizing language, activity for each award year program is allowed for three years. This change makes consistent the length of time that funds are available with the length of time that program activities are authorized for each award year.

3/ A total Pell Grant program shortfall of $371 million is anticipated for prior award years ($265 million in 1989-90 and $106 million in 1990-91). This provision would finance the projected shortfalls.

4/ This provision overrides the $3,100 maximum award authorized by the Higher Education Amendments of 1986.

5/ The 1990 appropriations language included a temporary programmatic change that eliminated eligibility for less-than-half-time students. The Department is not proposing to continue this change.

6/ The Administration recognizes that there is a need for limited aid officer authority to adjust student awards in cases of unusual family financial circumstances. This addition incorporates language that was included in the Transportation Department appropriations bill for 1990 (P.L. 101-164) and permits the Secretary to prescribe the special circumstances for redefining the term "annual adjusted family income" and adjusting the expected family contribution.

7/ This provision relating to a change in the "ability-to-benefit" criterion would tighten the student eligibility requirements in order to prevent institutions from enrolling inadequately prepared students.

Student Financial Assistance

Language Analysis

Language Provision	Explanation
...of which $5,277,000,000 for subpart 1 of part A shall remain available until September 30, 1993	This language makes Pell Grant funds available for three fiscal years, the same period of time that program activities are authorized for each award year.
Provided, That up to $371,000,000 of the amount for subpart 1 of Part A may be used for unfinanced costs in prior award year Pell grant programs:	This language specifies that $371 million of the 1991 appropriation can be used to cover unfinanced Pell Grant costs for previous award years. Current program cost estimates exceed appropriated amounts by $265 million for 1989 and $106 million for 1990.
Provided further, That the maximum Pell grant that a student may receive shall be $2,300:	This language overrides the $3,100 maximum Pell Grant award authorized for 1991-92 by the Higher Education Amendments of 1986 and establishes a $2,300 maximum award.
[: Provided further, That notwithstanding section 411(b)(6)(B) of the Higher Education Act of 1965 as amended, no basic grant under subpart 1 of part A of title IV of that Act shall be awarded to any student who is attending on a less than half-time basis for a period of enrollment beginning on or after January 1, 1990, except that any such student who received a basic grant for a period of enrollment beginning before January 1, 1990, shall be eligible to receive a basic grant for a period of enrollment beginning on or after such date from funds appropriated for fiscal year	This deletion would discontinue the 1990 appropriations language that eliminated Pell Grant eligibility for less-than-half-time students.

Student Financial Assistance

Language Analysis -- Continued

Language Provision	Explanation
1989: Provided further, That notwithstanding section 411(b)(6)(B) of the Higher Education Act of 1965 as amended, no basic grant under subpart 1 of part A of title IV of that Act shall be awarded from funds appropriated for fiscal year 1990 to any student who is attending on a less than half-time basis:]	
Provided further, That notwithstanding section 411F(1) of the Higher Education Act of 1965 as amended, the term "annual adjusted family income" shall, under special circumstances prescribed by the Secretary, mean the sum received in the first calendar year of the award year from the sources described in that section:	This language permits the Secretary to prescribe special circumstances under which the definition of annual adjusted family income may be modified.
: Provided further, That notwithstanding section 484 of the Higher Education Act of 1965 as amended, in order for a student to be eligible to receive grant, loan, or work assistance under title IV of that Act, the student shall be required to have earned a high school diploma or its recognized equivalent, or, prior to enrollment in the course for which such assistance is sought, shall have secured a passing grade on a test of ability to complete that course which is developed, administered, and graded by one or more independent organizations identified by the Secretary.	This language requires students to have a high school diploma, its recognized equivalent, or to pass a test of ability to complete the course work in order to establish eligibility for title IV grant, loan, or work assistance.

Student Financial Assistance

Amounts Available for Obligation

	1989	1990	1991
Appropriation:			
Annual..............	$5,814,320,000	$6,175,097,000 1/	$6,352,415,000 2/
Sequester...........	---	-84,331,000	---
Subtotal, adjusted appropriation.......	5,814,320,000	6,090,766,000	6,352,415,000
Recovery of prior year obligations....	95,331,000	---	---
Unobligated balance, start of year.......	1,812,479,000	1,521,487,000	1,510,922,000 3/
Unobligated balance, end of year.........	-1,521,487,000	-1,510,922,000 3/	-1,864,280,000 3/
Unobligated balance lapsing.............	-739,000	---	---
Total obligations...	6,199,905,000	6,101,331,000 3/	5,999,057,000

1/ Includes $131,000,000 to fund unfinanced Pell Grant costs in the 1989-90 award year.

2/ Includes $371,000,000 to fund unfinanced Pell Grant costs of $265,000,000 in the 1989-90 award year, and $106,000,000 in the 1990-91 award year.

3/ These amounts should be equivalent to the comparable amounts on lines 21.40, 24.40 and 71.00 of the Program and Financing schedule for the Student Financial Assistance programs in the 1991 Budget Appendix. However, they each differ by $4,308,000 due to erroneous double-counting in the Appendix of Pell Grant program administrative expenses of that amount in fiscal year 1990. The amounts included in the table above are correct.

Student Financial Assistance

Budget Authority by Activity

	1989 Appropriation	1990 Appropriation	1991 Request
1. Pell grants...............	$4,483,915,000	$4,804,478,000 1/	$5,277,000,000 2/
2. Supplemental educational opportunity grants.......	437,972,000	458,650,000	458,650,000
3. Work-study................	610,097,000	601,765,000	601,765,000
4. Income contingent loans...	4,940,000	9,863,000 3/	15,000,000
5. Perkins loans:			
(a) Federal capital contributions.......	183,507,000	135,129,000	—
(b) Loan cancellations...	22,000,000	21,700,000	—
Subtotal.........	205,507,000	156,829,000	—
6. State student incentive grants..................	71,889,000	59,181,000	—
Total..................	5,814,320,000	6,090,766,000	6,352,415,000

1/ Includes $131,000,000 to fund unfinanced Pell Grant costs in the 1989-90 award year.

2/ Includes $371,000,000 to fund unfinanced Pell Grant costs in the 1989-90 and 1990-91 award years.

3/ The 1990 appropriation will be used to support 2 academic years, 1989-90 and 1990-91. The 1989 appropriation was used to finance the 1988-89 award year in order to overcome a technical error in the 1988 appropriations language that omitted reference to Income Contingent Loans. These 1988 funds constitute the $4,308,000 used to finance Pell administrative costs referred to above.

Student Financial Assistance

Budget Authority by Object

	1989 Appropriation	1990 Appropriation	1991 Request
Grants, subsidies, and contributions.....	$5,814,320,000	$6,090,766,000 1/	$6,352,415,000 2/
Total...............	5,814,320,000	6,090,766,000	6,352,415,000

1/ Includes $131,000,000 to fund unfinanced Pell Grant costs in the 1989-90 award year.

2/ Includes $371,000,000 to fund unfinanced Pell Grant costs in the 1989-90 and 1990-91 award years.

Student Financial Assistance

Summary of Changes

1990 Appropriation	$6,090,766,000
1991 Request	6,352,415,000 1/
Net change	+261,649,000

1/ Includes $371,000,000 to fund unfinanced Pell Grant costs of $265,000,000 in the 1989-90 award year and $106,000,000 in the 1990-91 award year.

	1990 Base	Change from Base
Increases:		
Program:		
1. Pell Grants, 1989-90: the increase would fund estimated unfinanced program costs for the 1989-90 award year	$131,000,000	+$134,000,000
2. Pell Grants, 1990-91: the increase would fund estimated unfinanced program costs for the 1990-91 award year	—	+106,000,000
3. Pell Grants: the increase would fund estimated program costs for the 1991-92 award year, including estimated costs associated with the re-establishment of eligibility for less-than-half-time students	4,387,478,000	+518,522,000
4. Income Contingent Loans: the current program is increased to expand the pilot project to more than 10 institutions	9,863,000 1/	+5,137,000
Subtotal		+763,659,000

Student Financial Assistance

Summary of Changes -- Continued

	1990 Base	Change from Base
Decreases:		
Program:		
1. Pell Grants: decrease reflects fiscal year 1990 contingency reserve appropriation, available only if needed to pay a maximum grant of $2,300 in the 1990-91 award year..............................	$286,000,000	-$286,000,000
2. Perkins Loans--Federal Capital Contributions: no funding is requested for the current program in order to limit heavy Federal subsidization in excess of necessary levels, and due to the availability of sufficient collections from prior year loans to provide loans to students..................	135,129,000	-135,129,000
3. Perkins Loans--Loan Cancellations: no funding is requested for fiscal year 1991 because current funding levels have temporarily exceeded projected needs, due to lower than expected annual reimbursement requests from institutions.........	21,700,000	-21,700,000
4. State Student Incentive Grants: no funding is requested because the program has served its purpose of providing an incentive to States to establish State grant programs..........................	59,181,000	-59,181,000
Subtotal.............		-502,010,000
Net change...........		+261,649,000

1/ The 1990 appropriation will be used to support 2 academic years, 1989-90 and 1990-91. The 1989 appropriation was used to finance the 1988-89 award year in order to overcome a technical error in the 1988 appropriations language that omitted reference to Income Contingent Loans.

Student Financial Assistance

Authorizing Legislation

Activity	1990 Authorized	1990 Appropriation	1991 Authorized	1991 Request
Pell grants (HEA-IV-A-1)........................	Indefinite	$4,804,478,000	Indefinite	$5,277,000,000
Institutional payments (HEA-IV-G, Sec. 489). 1/	Indefinite		Indefinite	
Supplemental educational opportunity grants (HEA-IV-A-2)..................................	Indefinite	458,650,000	Indefinite	458,650,000
Institutional payments (HEA-IV-G, Sec. 489). 2/	Indefinite		Indefinite	
Work-study (HEA-IV-C)..........................	Indefinite	601,765,000	Indefinite	601,765,000
Institutional payments (HEA-IV-G, Sec. 489). 2/	Indefinite		Indefinite	
Institutional payments for Job location and development centers (HEA-IV-C, Sec. 446)..	Indefinite		Indefinite	
a) Regular 3/				
b) Community Service 4/				
Institutional payments for Community service-learning for low-income students (HEA-IV-C, Sec. 447 & HEA-IV-G, Sec. 489). 5/	Indefinite		Indefinite	
Income contingent loans (HEA-IV-D, Sec. 452)..	Indefinite	9,863,000	Indefinite	15,000,000
Institutional payments (HEA-IV-D, Sec. 453). 6/	Indefinite		Indefinite	
Perkins loans (HEA-IV-E)				
a) Federal capital contributions...........	Indefinite	135,129,000	Indefinite	—
b) Loan cancellations.......................	Indefinite	21,700,000	Indefinite	—
Institutional payments (HEA-IV-G, Sec. 489). 2/	Indefinite		Indefinite	
State student incentive grants (HEA-IV-A-3)...	Indefinite	59,181,000	Indefinite	—
Total definite authorization.................	—		—	
Total appropriation..........................		6,090,766,000		6,352,415,000

Student Financial Assistance

Authorizing Legislation -- Continued

1/ Payments to institutions based on a $5 per Pell Grant recipient calculation reimburse institutions for a share of the cost of administering the Pell Grant program. Funds for these payments are reserved from the Pell Grant appropriation.

2/ Institutions are authorized to use up to 5 percent of the first $2,750,000 of expenditures for the Supplemental Educational Opportunity Grant, Work-Study and Perkins Loan programs for administrative expenses; in excess of this amount but less than $5,500,000, up to 4 percent; above $5,500,000, 3 percent.

3/ Institutions are authorized to use not more than 10 percent or $30,000 of their Work-Study allocations for the costs of establishing or expanding Job Location Centers.

4/ Institutions are authorized to use not more than 10 percent or $20,000 of their Work-Study allocations for the costs of establishing or expanding community service jobs.

5/ Institutions are authorized to use up to 10 percent of their expenditures under the Community Service-Learning for Low-Income Students program for administrative expenses.

6/ Institutions are authorized to use the student loan fund for administrative expenses, costs of litigation and other collection costs.

Student Financial Assistance

Table of Estimates and Appropriations

	Budget Estimate to Congress	House Allowance	Senate Allowance	Appropriation 1/
1982	$3,793,750,000	$3,833,750,000	$3,414,800,000	$3,569,480,000
1983	1,800,000,000	3,569,480,000	3,567,800,000	3,617,800,000
1984	3,567,800,000	3,813,360,000	3,954,360,000	3,986,860,000
1985	3,654,000,000	5,079,000,000	4,491,000,000	4,871,000,000
1985 Supplemental	---	287,000,000	2,482,000	289,482,000
1986	3,569,000,000	4,910,482,000	4,837,000,000	4,887,000,000
1986 Sequester				-210,141,000
1986 Supplemental	---		146,000,000	146,000,000
1987	3,812,568,000	--- 2/	5,196,000,000	5,196,000,000
1987 Rescission	-1,269,000,000			
1987 Supplemental	287,000,000	226,730,000	287,000,000	287,000,000
1988	3,336,000,000	5,806,000,000	5,837,098,000	5,544,792,000
1989	6,099,597,000	5,907,736,000	5,833,845,000	5,814,320,000
1990	6,366,960,000	6,021,960,000	6,096,000,000	6,175,097,000
1990 Sequester				-84,331,000
1991	6,352,415,000 3/			

1/ Reflects enacted supplementals, rescissions, and reappropriations in amounts appropriated prior to fiscal year 1985.

2/ Reflects the decision of the House to provide no 1987 allowance for Student Financial Assistance programs that had not yet been reauthorized.

3/ Includes $371,000,000 to fund unfinanced Pell Grant costs of $265,000,000 in the 1989-90 award year and $106,000,000 1990-91 award year.

Student Financial Assistance

Significant Items in Congressional Appropriations Reports

Item	Action taken or to be taken
1990 Senate Report	
Student Aid System Vulnerabilities	
The Senate report states that the Committee expects the Secretary to give careful consideration to findings of the Inspector General on student aid system vulnerabilities related to program structure and administration, and to adjust management practice, promulgate regulations, and propose legislation where appropriate.	The Secretary continues to closely monitor and address vulnerabilities to fraud, waste, and program abuse in the Title IV student aid programs, brought to light through reports by the Inspector General as well as by other means. The Secretary is proposing several legislative changes to resolve these problems in this 1991 budget request, which are detailed in the Account Summary. Also, many of the recommendations made by the Inspector General to reduce loan defaults were recently incorporated into regulations as well as the administrative procedures that are part of the Secretary's Default Initiative. The Office of the Inspector General is also very much involved in the development of the Secretary's proposals for reauthorization of the Higher Education Act, to assure that these program vulnerabilities continue to be addressed at the legislative level.
Pell Grant Program Cost Estimates--Report Requested from GAO	
The Senate Committee instructs the Comptroller General to thoroughly review and verify the accuracy of the President's 1990 Pell Grant budget request and report to the Committee on the adequacy of the Secretary's Pell Grant cost monitoring program, as well as factors that drive program costs. The Comptroller General's report is due to the Committee in January 1990. (Also included in the 1990 Conference Report.)	Department of Education staff have met with a GAO representative on several occasions to respond to technical questions regarding the Pell Grant Cost Estimation Model and questions about budget formulation procedures. All requested documentation has been promptly provided to GAO. The Department is cooperating fully with this review of Pell Grant program cost estimation and cost monitoring procedures.

Student Financial Assistance

Significant Items in Congressional Appropriations Reports — Continued

Item	Action taken or to be taken
1990 Conference Report	
Pell Grant Cost Estimates -- Shortfall and Linear Reduction	
The Conference report states that any attempt to impose a linear reduction Pell Grant awards for 1989-90 is unacceptable and unnecessary given the bill language providing $131,000,000 for the shortfall and some savings achieved by eliminating less-than-half-time students whose periods of enrollment begin on or after January 1, 1990.	The Department of Education has no plans at this time to impose a linear reduction for the 1989-90 award year. We are continuing to monitor program data and have requested additional funding in FY 1991 budget request to meet current projections of the insufficiencies.
Pell Grant Cost Estimates — Cost Savings Mandated	
The Conference report includes legislative modifications which are intended to address the Pell funding problem by limiting student aid refund policies at postsecondary institutions with loan default rates in excess of 30 percent; and delaying eligibility of less-than-half-time students, with the exception of the 1989-90 award year students who received a Pell grant for the enrollment period beginning prior to January 1, 1990. Conferees state that these legislative changes, which raise jurisdictional concerns, are included since they address recognized problems which contributed to the funding difficulties of the Pell Grant program.	The Department has modified the student financial aid delivery system to incorporate the legislative modifications provided for in FY 1990 appropriations language. Additionally, a "Dear Colleague" letter has been distributed informing the financial aid community of new procedures to be used in implementing the cost-savings provisions.

Student Financial Assistance

Account Summary

	1989 Appropriation	1990 Appropriation	1991 Request
1. Pell grants..............	$4,483,915,000	$4,804,478,000 1/	$5,277,000,000 2/
2. Supplemental educational opportunity grants.......	437,972,000	458,650,000	458,650,000
3. Work-study................	610,097,000	601,765,000	601,765,000
4. Income contingent loans...	4,940,000	9,863,000 3/	15,000,000
5. Perkins loans:			
(a) Federal capital contributions........	183,507,000	135,129,000	—
(b) Loan cancellations...	22,000,000	21,700,000	—
Subtotal.........	205,507,000	156,829,000	—
6. State student incentive grants..................	71,889,000	59,181,000	—
Total....................	5,814,320,000	6,090,766,000	6,352,415,000

1/ Includes $131,000,000 to fund unfinanced Pell Grant costs in the 1989-90 award year.

2/ Includes $371,000,000 to fund unfinanced Pell Grant costs in the 1989-90 and 1990-91 award years.

3/ The 1990 appropriation will be used to support 2 academic years, 1989-90 and 1990-91. The 1989 appropriation was used to finance the 1988-89 award year in order to overcome a technical error in the 1988 appropriations language that omitted reference to Income Contingent Loans.

The Department of Education administers seven Federal student aid programs. The oldest program, the Perkins Loan program (previously the National Defense/Direct Student Loan program), dates from the National Defense Education Act of 1958. The Work-Study program was enacted in 1964 as part of the Economic Opportunity Act. The Higher Education Act of 1965 incorporated these two programs and also authorized the Educational Opportunity Grant program (later renamed the Supplemental Educational Opportunity Grant program), for students of "exceptional financial need," and the Guaranteed Student Loan program. The Education Amendments of 1972 established the Basic Educational Opportunity Grant program (now the Pell Grant program) to provide basic postsecondary education access to students from low and lower-middle income families. The 1972 Act also created the State Student Incentive Grant program to emphasize the State role in need-based student financial aid and to increase the flow of State dollars to students. More recently, the Higher Education Amendments of 1986 authorized the Income Contingent Loan program to provide a flexible, manageable and long-term loan repayment option for borrowers. Additional legislation over the years has expanded the scope and complexity of these programs and broadened student and school borrower eligibility.

A commensurate growth in Federal appropriations, aid available to students, and number of students served has paralleled the expansion of the Department's programs. In fiscal year 1969, total appropriations for the student assistance programs were $532.9 million. Appropriations were approximately $4.7 billion in fiscal year 1979, and were more than $9.9 billion in fiscal year 1990. In academic year 1969-70, the Federal programs generated over $1.3 billion in aid (1,962,000 total awards to 1,402,000 students). Twenty years later in academic year 1989-90. over $18 billion in aid is being provided (9,988,000 awards to 5,981,000 students).

1991 Request

The 1991 budget request supports the goal of assuring access to postsecondary education, especially for the most needy students, and proposes program improvements to strengthen institutional accountability and to reduce error and program abuse. The request will help to assure postsecondary access by:

o Increasing the annual Pell Grant appropriation by $472.5 million;

o Increasing the Income Contingent Loan (ICL) appropriation by $10.1 million over the amount appropriated for academic year 1990-91; and

o Expanding student eligibility for the ICL program to include graduate students and removing the current 10-institution limit on institutional participation in the program.

In addition, although the Department is requesting no increase for the Supplemental Educational Opportunity Grant (SEOG) program, an increase in the institutional matching requirement mandated by the Higher Education Amendments of 1986 will generate increased SEOG aid to students.

Proposed legislation would reduce program abuse and strengthen institutional accountability through a variety of changes:

o The institutional authority to waive, on an individual basis, the expected family contribution and cost of education rules in the Pell Grant program would be permanently eliminated.

o The "ability-to-benefit" student eligibility provisions would be amended to require any student who is admitted without having a high school diploma or its recognized equivalent to pass a test administered by an independent organization.

- Participating postsecondary institutions would be prohibited from employing commissioned sales representatives for recruiting and admitting activities.

- Institutional eligibility provisions would be amended to require participating institutions with default rates in excess of 30 percent to implement, for Title IV recipients who withdraw near the beginning of their enrollment periods, a refund policy under which the institution would be required to refund a portion of the amount charged the student that is at least equal to the remaining portion of the enrollment period.

The 1991 budget request also addresses the problem of skyrocketing student loan default costs. To prevent defaults, lenders and institutions would be required to perform credit checks of all Title IV loan applicants ages 21 and over and to require those with poor credit histories to obtain a credit-worthy co-signer. To assist in loan collection, each Title IV borrower would be required to provide his or her driver's license number and, during the school exit interview, his or her expected address, the address of his or her next-of-kin, and the name and address of his or her expected employer after graduation.

Finally, inappropriate Federal contributions under the Perkins Loan and State Student Incentive Grant (SSIG) programs would be eliminated. No funds are requested for new Federal capital contributions to the highly subsidized Perkins Loan program, although institutions could continue to make loans using payments collected from borrowers. Also, no funds are requested for the SSIG program. This program has served its purpose to stimulate all States to offer need-based grants to their students.

The 1991 budget request, as detailed above, contains policy proposals which affect all the student financial assistance programs and policies which affect only specific programs. Those program policies affecting specific activities are described in more detail within the individual activity requests. The proposals affecting all student assistance programs are discussed below.

Modifying the abilty-to-benefit provision

Any student admitted on the basis of ability-to-benefit would have to pass, prior to enrollment, a test developed and administerd by an organization independent of the enrolling institution. The test would measure the student's ability to complete successfully the chosen course of study. The current ability-to-benefit requirements have been insufficient to prevent institutions from enrolling inadequately prepared students. This has resulted in dropouts, defaults, and waste of Federal student aid funds that have damaged the integrity of the student aid programs and victimized many disadvantaged students.

Student Financial Assistance

Account Summary -- Continued

Prohibiting schools from employing commissioned sales representatives for recruiting and admitting activities

In order to decrease the exploitation of unqualified students, this proposal would prohibit volunteers from conducting recruitment or admission activities. It would also prohibit the paying of commissions, bonuses, or other incentives, based solely on enrollment or student aid volume, to persons engaged in recruiting or admitting activities.

Requiring pro rata refunds

All institutions participating in Title IV programs would be required to implement fair and equitable refund policies and to inform, in writing, currently enrolled and prospective students of those policies. Institutions with default rates over 30 percent would be required to implement a "*pro rata* refund policy" for any recipient of Title IV aid who withdraws before completing half, or 6 months, of the program of study, whichever is earlier. Under this policy, the institution would be required to refund the portion of the amount charged the student for tuition, room and board, and all other fees that is equal to the portion of the enrollment period remaining at the time the student withdraws. This amendment would remove the incentive for schools to enroll students lacking a reasonable prospect for completing their programs of study and would minimize the problem of defaults by students who withdraw shortly after enrolling. It would therefore significantly reduce the waste of Federal funds caused by these enrollment practices.

Authorizing emergency actions when Federal funds are at risk

The Secretary's authority to take a short-term emergency action to suspend the participation of a school or lender when Federal funds are at risk would be clarified. This authority is essential to respond quickly to the misuse of Federal funds, but the Secretary's emergency action authority has been challenged successfully in recent litigation. Without emergency action authority, lenders and institutions against which the Secretary has initiated limitation, suspension, or termination proceedings would continue to receive Federal funds throughout the course of protracted legal proceedings; and they would therefore have little incentive to resolve the proceedings quickly.

Prohibiting certification of schools for program eligiblility after loss of accreditation

The ability of accrediting agencies to uphold their standards is compromised when a school that loses its acreditiation can easily switch to another agency to avoid making improvements in the quality of education offered by the school. To address this problem, legislation is proposed to prohibit school eligibility certification or recertification if, during the preceding 24 months, its accreditation has been withdrawn, revoked, or otherwise terminated for cause or if it has withdrawn from institutional accreditation voluntarily under a show cause or suspension order. A school could regain eligibility prior to the end of the 24-month period if its accreditation has been restored by the same accrediting agency that had previously accredited it.

Student Financial Assistance

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1. Pell grants
(Higher Education Act, Title IV, Part A, Subpart 1)

1991 Authorization: Indefinite

Budget Authority:

1990 Appropriation	1991 Request	Increase or Decrease
$4,804,478,000	$5,277,000,000	+$472,522,000

Purpose and Method of Operation

The Pell Grant program is designed to provide need-based grants to low-income undergraduate students to promote access to postsecondary education and to lower the burden of its financing. Appropriations for the Pell Grant program are discretionary and not based on entitlements, with the level of funding dependent upon the availability of appropriations. Funds are available for obligation from October 1 of the fiscal year of appropriation through September 30 of the subsequent fiscal year. Funds appropriated in fiscal year 1991 would primarily support awards in academic year 1991-92.

A national need analysis formula, defined in the authorizing statute, determines financial eligibility for Pell Grants and is applied uniformly to all applicants. This national need analysis formula determines a student's "Expected Family Contribution" (EFC). The fundamental elements in this need analysis formula are the parent's and the student's income and assets, the family's household size and the number of family members attending postsecondary institutions. Separate formulas are used for dependent and independent students.

Upon notification of eligibility, students may use their grants at any one of approximately 8,000 participating postsecondary institutions. Students must be undergraduates and enrolled with the purpose of obtaining a degree or certificate at an eligible institution. Students must also have a high school diploma (or its equivalent) or a demonstrated ability-to-benefit from the training offered by the institution. Under certain circumstances, students attending school on a less-than-half-time basis and who had EFCs equal to zero were eligible for Pell Grants in 1989. This eligibility was eliminated in 1990, but authorizing language establishes eligibility for less-than-half-time students in 1991 if their EFCs are less than or equal to $200.

Purpose and Method of Operation — Continued

Pell Grants are disbursed to the student through the institution. The annual award amount may vary from a minimum of $200 up to a statutorily specified maximum of $3,100 for 1991. The 1990 appropriations language limited the 1990 maximum award to $2,300, the same as the 1989 maximum award.

The amount of the Pell Grant award is the lesser of (1) the maximum award minus the EFC, (2) the cost of attendance minus the EFC, or (3) 60 percent of the cost of attendance. The cost of attendance, determined by the institution, includes actual or average tuition and fee charges, a standard "living allowance" (which may not exceed $2,300), an allowance for child care expenses up to $1,000, and an allowance for handicapped expenses. Under the Higher Education Amendments of 1986, financial aid administrators at participating schools may adjust a student's Pell award by changing the cost of attendance or the EFC to reflect individual circumstances. This authority was eliminated for the 1989-90 and 1990-91 award years in appropriations act language.

Accomplishments

The Pell Grant program, formerly known as the Basic Educational Opportunity Grant program, was enacted as part of the 1972 Education Amendments to provide direct need-based, voucher-like grants to postsecondary students to be used at any eligible institution selected by the student.

In 1973, only freshmen were eligible for grants and, at a cost of $122 million, 185,000 awards averaging $269 were made. In each of the 3 subsequent years, eligibility was extended to an additional academic class. In 1976 when all undergraduate students were eligible, the maximum grant was $1,400 and approximately $1.5 billion was distributed to almost 2 million students. The Middle Income Student Assistance Act of 1978 liberalized the Pell Grant program, resulting in appropriations increases which, for the most part, supported relatively small awards to "middle income" students. In 1989, the maximum grant awarded under the Pell Grant program was $2,300 and approximately 3.3 million students participated in the program.

The following tables illustrate the growth of the Pell Grant program and the trends in distribution of program funds by institution type.

Student Financial Assistance

1. Pell grants

Accomplishments — Continued

Pell Grants

	1976-77	1980-81	1984-85	1988-89 Estimate
Applicants	3,590,379	4,825,420	5,514,029	6,519,083
Recipients	1,944,000	2,708,000	2,747,100	3,304,000
Program Costs ($ in 000's)	$1,475,000	$2,387,000	$3,053,000	$4,543,000
Average Grant	$759	$882	$1,111	$1,375
Maximum Grant	$1,400	$1,750	$1,900	$2,200

Percentage Distribution of Pell Grant Funds by Type of Institution for Fiscal Years 1977 to 1987

Institution Type	1977	1978	1979	1980	1981	1982	1983	1984	1985	1986	1987
Public	68	63	61	60	60	57	56	56	56	54	57
Private	23	27	28	28	26	26	24	23	22	21	18
Proprietary	9	11	10	12	14	17	20	21	22	25	25
Total	100	100	100	100	100	100	100	100	100	100	100

1990 Appropriation

Congress appropriated $4.804 billion for fiscal year 1990 of which $131 million is available only for unfinanced costs in the 1989-90 award year and $286 million is available only if needed to fund awards for the 1990-91 award year. This appropriation reflects a sequester of $66.5 million, pursuant to P.L. 99-177, and authorizes a $2,300 maximum award for 1990-91, the same as the maximum award for 1989-90.

The $66.5 million reduction in Pell Grant funding is estimated to result in the elimination of awards to 14,000 students (with awards averaging $200) and approximately 1.3 million students will receive awards reduced by an average of $50 to achieve sequester savings. A payment schedule implementing the statutory linear reduction formula for the 1990-91 award year will be published by February 1, 1990.

1991 Budget Proposal

In fiscal year 1991, $5.277 billion is requested for the Pell Grant program, an increase of $473 million over the fiscal year 1990 sequestration level. Of this amount, $106 million is requested to cover a projected shortfall in fiscal year 1990 and $265 million for a projected shortfall in 1989. The Department is proposing to maintain the Pell Grant maximum and minimum awards

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1991 Budget Proposal — Continued

at the 1990-91 academic year levels of $2,300 and $200, respectively. While the award levels will remain constant, the number of recipients will grow by 175,000 and will include those less-than-half-time students with an EFC less than or equal to $200.

Additionally, the Department proposes to eliminate aid officer discretion to alter awards, to implement a pro rata refund policy at institutions with loan default rates in excess of 30 percent, and to require students admitted on the basis of an "ability-to-benefit" to pass an independently administered test (prior to enrollment) that measures the student's ability to complete the course. These three proposals are discussed below:

The current provision permitting an institution to adjust an individual student's expected family contribution or cost of attendance in "special circumstances" would be repealed. This provision in the law is potentially quite costly—aid administrators could adjust expected family contributions and/or costs of attendance to increase Pell awards. This provision prevents effective program monitoring and cost estimation and could provide the opportunity for significant program abuse at the institutional level. It also could limit the Secretary's capability to carry out linear award reduction as provided by the authorizing statute in the event of less than adequate appropriations. Secretarial authority to regulate adjustments in special circumstances would be sought.

The ability-to-benefit student eligibility criterion would be amended to require that any student admitted on the basis of ability to benefit must, prior to enrollment, pass a test developed, administered, and graded by an independent organization. The test would measure the student's ability to complete successfully the chosen course of study. The current ability-to-benefit requirements have been insufficient to prevent institutions from enrolling inadequately prepared students.

Institutional eligibility conditions would be amended to require that all institutions participating in a Title IV program implement a fair and equitable refund policy, and inform prospective students in writing of that policy. Institutions with default rates in excess of 30 percent would be required to implement a refund policy which yields a refund equal to or greater than the amount calculated under a pro rata calculation that would require the refund amount to be in proportion to the amount of the time remaining in the enrollment period at the time the

Student Financial Assistance

1. Pell grants

1991 Budget Proposal — Continued

student withdraws. These amendments would help to minimize the amount of Federal funds provided students who drop out near the beginning of a program of study.

The following table compares funding data for fiscal years 1989 and 1990 with the fiscal year 1991 request.

Funding Data: ($ in millions)	1989	1990	1991 Request
Appropriation	$4,484	$4,804	$5,277
Designated for prior year costs	---	-131	-371
Net carryback from subsequent award years	+396	+106	---
Total funds available	4,880	4,779	4,906
Full funding estimate	4,880	4,846	4,906
Sequestration amount	---	67	---

Impact Data

	1989	1990	1991
Aid available to students (in thousands).......	$4,863,000	$4,763,000	$4,889,000
Recipients (in thousands).......	3,302	3,214	3,389
Maximum grant..........	$2,300	$2,300	$2,300
Average grant..........	$1,473	$1,482	$1,443
Maximum income for grant eligibility for typical family 1/	$32,950	$33,600	$34,150

1/ "Typical family," for purposes of calculating the maximum income for Pell Grant eligibility, means a family of four with no assets, and with one student attending a postsecondary institution.

Student Financial Assistance

1. Pell grants

Impact Data — Continued

Estimated Distribution of Dependent Pell Grant Recipients and Progam Cost by Income for 1991-92

Adjusted Gross Income	Recipient Population	% of Total	Program Cost	% of Total	Average Award
$0- $4,000	119,000	9	$198,000,000	12	$1,664
$4,001- $7,500	165,000	13	272,000,000	16	1,648
$7,501- $10,000	116,000	9	187,000,000	11	1,612
$10,001- $12,000	85,000	7	132,000,000	8	1,553
$12,001- $15,000	125,000	10	187,000,000	11	1,496
$15,001- $20,000	193,000	15	256,000,000	15	1,326
$20,001- $25,000	177,000	14	191,000,000	12	1,079
$25,001- $30,000	135,000	11	118,000,000	7	874
$30,001+	163,000	13	116,000,000	7	712
Total	1,279,000	100	1,657,000,000	100	1,296

Estimated Distribution of Independent Pell Grant Recipients and Progam Cost by Income for 1991-92

Adjusted Gross Income	Recipient Population	% of Total	Program Cost	% of Total	Average Award
$0- $4,000	619,000	29	$1,048,000,000	32	$1,693
$4,001- $7,500	607,000	29	1,028,000,000	32	1,694
$7,501- $10,000	311,000	15	422,000,000	13	1,357
$10,001- $12,000	117,000	6	176,000,000	5	1,504
$12,001- $15,000	126,000	6	192,000,000	6	1,524
$15,001- $20,000	139,000	7	190,000,000	6	1,367
$20,001- $25,000	99,000	5	109,000,000	3	1,101
$25,001- $30,000	61,000	3	48,000,000	1	787
$30,001+	30,000	1	19,000,000	1	633
Total	2,110,000	100	3,232,000,000	100	1,532

Student Financial Assistance

1. Pell grants

Impact Data — Continued

Estimated Distribution of All Pell Grant Recipients and Progam Cost by Income for 1991-92

Adjusted Gross Income	Recipient Population	% of Total	Program Cost 1/	% of Total	Average Award
$0- $4,000	739,000	22	$1,246,000,000	25	$1,686
$4,001- $7,500	772,000	23	1,300,000,000	27	1,684
$7,501- $10,000	427,000	13	609,000,000	12	1,426
$10,001- $12,000	202,000	6	308,000,000	6	1,525
$12,001- $15,000	251,000	7	380,000,000	8	1,514
$15,001- $20,000	332,000	10	446,000,000	9	1,343
$20,001- $25,000	277,000	8	300,000,000	6	1,083
$25,001- $30,000	196,000	6	166,000,000	3	847
$30,001+	193,000	6	134,000,000	3	694
Total	3,389,000	100	4,889,000,000	100	1,443

1/ Total program cost reflects program funds paid directly to students and excludes $16,945,000 in administrative cost allowances paid to the institutions at a rate of $5 per recipient.

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2. Supplemental educational opportunity grants
(Higher Education Act, Title IV, Part A, Subpart 2)

1991 Authorization: Indefinite

Budget Authority:

1990 Appropriation	1991 Request	Increase or Decrease
$458,650,000	$458,650,000	---

Purpose and Method of Operation

The purpose of the Supplemental Educational Opportunity Grant (SEOG) program is to provide, as a supplement to Pell Grants and other Federal, State, and institutional aid, need-based aid to eligible undergraduate students to reduce financial barriers to postsecondary education. Federal grants for this purpose are awarded to qualifying postsecondary institutions. Unlike the Pell Grant program, the SEOG program is administered by institutional financial aid administrators who have substantial flexibility in determining student awards. The maximum grant authorized per student for an academic year is $4,000; however, the average award is about $700.

Beginning in fiscal year 1989, institutions have been required to provide a match to receive SEOG program funding. The institutional share must be at least 5 percent in fiscal year 1989, 10 percent in fiscal year 1990 and 15 percent in fiscal year 1991. Thus, total SEOG assistance in 1991 will increase significantly even if there is no appropriation increase. The institutional share can be met using the institution's own resources, including tuition or fee waivers, State scholarships, and foundation or other charitable organization funds.

The SEOG program is a discretionary program in that the appropriations are discretionary, and not based on entitlements. Program funds are available for obligation from October 1 of the fiscal year of appropriation through September 30 of the subsequent fiscal year. Funds appropriated in fiscal year 1991 support awards in academic year 1991-92.

Institutional Participation: Approximately 4,600 postsecondary institutions receive funds under the SEOG program. As mandated by statute, funds are distributed to each institution first on the basis of the institution's fiscal year 1985 SEOG program allocation and then on the basis of the aggregate need of the eligible undergraduate students in attendance.

Student Participation: Students qualify for grants by demonstrating financial need under a statutory need analysis system. The institution awards grants

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Purpose and Method of Operation -- Continued

first to students with exceptional need (those with the lowest expected family contributions) who also receive Pell Grants. If the institution has remaining SEOG funds after giving SEOG awards to all the Pell Grant recipients at that institution, the institution must award grants to remaining eligible students with the lowest expected family contributions. A reasonable proportion of SEOG awards must be made to students who are enrolled on a less-than-full-time basis if such students are counted by the institution in calculating and reporting its need for funds.

Administrative Provisions: An institution may transfer up to 10 percent of its annual SEOG program allotment to Work-Study or vice versa. Under a statutory formula, up to 5 percent of the SEOG program expenditures during an award year may be used by institutions to meet administrative costs associated with the SEOG, Work-Study, and Perkins Loan programs.

Accomplishments

The SEOG program, first known as the Educational Opportunity Grant program, was first authorized by the Higher Education Act of 1965. In fiscal year 1967, almost $47 million of Federal funds were awarded to over 123,000 students at 1,383 institutions. A decade later almost 500,000 students at 3,619 institutions received over $243 million. In academic year 1989-90, an estimated 633,000 students will receive SEOG grants totalling $442 million.

1991 Budget Proposal

The fiscal year 1991 budget request for the SEOG program is $458.6 million, which is the same as the fiscal year 1990 appropriation. However, the amount of aid available to students in academic year 1991-92 would increase by 6 percent due to the statutorily mandated increase in the institutional matching share. This program helps reduce financial barriers to postsecondary education for low-income students and thereby enhances their educational opportunity and supports the Administration's goal of providing these students access to a quality education.

The Administration also proposes legislative amendments to Title IV student eligibility and institutional eligibility provisions that would strengthen institutional accountability for the SEOG program and the other Title IV student aid programs. The "ability-to-benefit" student eligibility provision would be amended to require any student who is admitted without having a high school diploma or its recognized equivalent to pass a test administered by an independent organization. Second, institutional eligibility provisions would be amended to require participating institutions with default rates in excess of 30 percent to implement, for Title IV recipients who withdraw near the beginning of their enrollment periods, a refund policy under which the institution would be required to refund a portion of the amount charged the student that is at least equal to the remaining portion of the enrollment

1991 Budget Proposal -- Continued

period. Finally, schools would be prohibited from employing commissioned sales representatives for recruiting and admitting activities. These proposals are described in more detail in the Account Summary.

Impact Data

SEOG Student Awards and Aid Available

	1989	1989	1991
Number of students aided...	633,000	678,000	696,000
Aid available to students.1/	$442,400,000	$487,900,000	$515,300,000
Average award............	$700	$720	$740

1/ Includes institutional matching funds of $22,000,000 in 1989, $49,000,000 in 1990, and $77,000,000 in 1991.

Distribution of Supplemental Educational Opportunity Grants by Type of Institution — 1987-88

	Average Grant	Total Grants ($000s)	Percentage of Total	Recipients	Percentage of Total
Public					
Two-Year	$428	$51,915	12%	121,377	19%
Four Year	669	150,874	36	225,655	36
Subtotal		202,789	48	347,032	55
Private					
Two-Year	571	7,828	2	13,703	2
Four-Year	908	165,574	40	182,365	29
Subtotal		173,402	41	196,068	31
Proprietary	463	42,687	10	92,226	15
Total	659	418,879	100	635,326	100

Note: Detail may not add to total due to rounding.

Student Financial Assistance

2. Supplemental educational opportunity grants

Impact Data — Continued

Distribution of Supplemental Educational Opportunity Grants by Family Income — 1987-88

	Total Grants ($000s)	Percentage of Total	Recipients	Percentage of Total
Dependent:				
0 - $ 5,999	$41,861	10%	66,155	10%
$6,000 - $11,999	48,544	12	72,181	11
$12,000 - $17,999	54,033	13	73,459	12
$18,000 - $23,999	49,898	12	65,076	10
$24,000 - $29,999	37,537	9	47,838	8
$30,000+	48,284	12	59,884	9
Subtotal	280,157	67	384,593	61
Independent	138,533	33	250,398	39
Less-than-half-time	189	*	335	*
Total	418,879	100	635,326	100

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* Less than 0.5 percent

Note: Detail may not add to total due to rounding.

3. Work-study
(Higher Education Act, Title IV, Part C)

1991 Authorization: Indefinite

Budget Authority:

1990 Appropriation	1991 Request	Increase or Decrease
$601,765,000	$601,765,000	---

Purpose and Method of Operation

The purpose of the Work-Study program is to assist needy undergraduate and graduate students in financing postsecondary education costs through part-time employment. Federal grants for this purpose are awarded to qualifying institutions that select needy students for employment. Students may be employed by the institution itself; by a Federal, State, or local public agency or private nonprofit organization; or by a private for-profit organization. The statutory institutional matching share of student earnings increased from 25 percent in fiscal year 1989 to 30 percent in fiscal year 1990 (or 50 percent in the case of private, for-profit organizations).

The Work-Study program is a discretionary program in that the appropriations are discretionary, and not based on entitlements. Program funds are available for obligation from October 1 of the fiscal year of appropriation through September 30 of the subsequent fiscal year. Funds appropriated in fiscal year 1991 support awards in academic year 1991-92.

Institutional Participation: Approximately 4,000 institutions participate in and receive funds under the Work-Study program. Funds are distributed to each institution first on the basis of the institution's 1985 Work-Study allocation and then on the basis of the aggregate need of eligible students in attendance.

Institutions have the discretion to use their allocations to support a variety of Work-Study activities in addition to the regular work-study employment for which the program was initially authorized. Up to 10 percent of an institution's allocation may be devoted to the employment of students under a Community Service-Learning program. Institutions also may operate a Job Location and Development program, designed to locate and develop regular work-study and community service jobs for eligible students. In addition, up to 25 percent of an institution's allocation may be used to provide jobs with private, for-profit organizations.

Purpose and Method of Operation -- Continued

Proprietary schools participating in the program are subject to several special requirements. First, students employed by these schools may be placed only in on-campus jobs. Second, their jobs must be related, as much as possible, to their educational objectives. Third, these students must be employed only in jobs furnishing student services. Finally, their jobs may not involve the solicitation of potential students to enroll in the school.

Student Participation: Students qualify for a Work-Study award by demonstrating financial need under a statutory need analysis system. There is no limit on a student's Work-Study earnings. However, hourly earnings must not be less than the Federal minimum wage. A reasonable proportion of Work-Study awards must be made to students who are enrolled on a less-than-full-time basis if such students are counted by the institution in calculating and reporting its need for funds.

Administrative Provisions: Under a statutory formula, up to 5 percent of the amount of an institution's Work-Study payments to students may be used by the institution to meet administrative costs associated with the SEOG, Work-Study, and Perkins Loan programs. Also, the institution may transfer up to 10 percent of its Work-Study allotments to the Supplemental Educational Opportunity Grant program or vice versa. Finally, the institution may retain up to 10 percent of its Work-Study allotment for the next fiscal year. If funds become available for reallotment because of under-utilization by institutions, 25 percent of these funds must be distributed to institutions for the purpose of developing Community Service-Learning programs.

The following components of the program have been added since its initial authorization in 1964:

- Community Service-Learning. An institution may use up to 10 percent of its Federal Work-Study allotment for the Community Service-Learning program, which provides community service jobs that serve low-income individuals. The institution is required to contribute only 10 percent of the amount it pays to students under this program. It may use more than 10 percent of its Federal allotments for payments to students employed in community-service jobs, but it must contribute to payments in excess of this 10-percent limit at the regular program matching rate of 30 percent.

- Private Sector Employment. An institution may use up to 25 percent of its Work-Study allotments to match dollar-for-dollar with non-Federal contributions earnings of students working for private, for-profit organizations. No Work-Study funds may be used to pay any employee who would otherwise be employed by the private organization, and the jobs must be relevant to the students' academic interests.

Purpose and Method of Operation — Continued

- Job Location and Development. An institution may use up to 10 percent of its Work-Study allotment (up to $30,000) for the administrative expenses associated with the establishment or expansion of a Job Location and Development (JLD) program, which locates and develops off-campus part-time jobs for currently enrolled students. An institution may use an additional 10 percent (up to $20,000) to pay for similar costs associated with locating and developing community service jobs for eligible students. The Federal share of the JLD program costs cannot exceed 80 percent.

Accomplishments

The Work-Study program was established as part of the Economic Opportunity Act of 1964. It was later transferred to the Higher Education Act (HEA) and became the work component of the Federal work, grant and loan effort to assist financially needy students in obtaining a postsecondary education. An initial appropriation of $56 million in fiscal year 1965 for Work-Study provided assistance to 115,000 students at 1,095 institutions. A decade later the appropriation had increased to $420 million and provided aid to 570,000 students at over 3,000 institutions. In the 1989-90 academic year, an estimated 835,000 students will earn $781 million under the Work-Study program.

1991 Budget Proposal

The fiscal year 1991 budget request for the Work-Study program is $601.8 million, which is the same as the fiscal year 1990 appropriation. Continued support for this program will help students to overcome financial barriers to postsecondary education. More specifically, since the Work-Study program encourages students to help themselves in financing their educational costs, funding for this program supports the self-help role of students while assisting them in meeting their financial responsibilities.

The Department also proposes legislative amendments to HEA, Title IV student eligibility and institutional eligibility provisions that would help reduce abuse of the Work-Study program and the other Title IV student aid programs. The "ability-to-benefit" student eligibility provision would be amended to require any student who is admitted without having a high school diploma or its recognized equivalent to pass a test administered by an independent organization. Second, participating institutions with Guaranteed Student Loan cohort default rates over 30 percent would be required to implement, for Title IV recipients who withdraw near the beginning of their enrollment periods, a refund policy under which the institution refunds a portion of the amount charged the students that is at least equal to the remaining portion of the enrollment period. Third, schools would be prohibited from employing commissioned sales representatives for recruiting and admitting activities. These proposals are described in more detail in the Account Summary.

Student Financial Assistance

3. Work-study

Impact Data

Work-Study Student Awards and Aid Available

	1989	1990	1991
Number of student awards...	835,000	876,000	871,000
Aid available to students..1/	$780,300,000	$823,300,000	$823,200,000
Average award..............	$935	$940	$945

1/ Includes institutional and employer matching funds of $215,000,000 in 1989, $269,000,000 in 1990 and $269,000,000 in 1991.

Distribution of Work-Study Funds and Recipients by Type of Institution 1987-88

	Average Award	Amount (in 000's)	Percentage of Total	Recipients	Percentage of Total
Public					
Two year	$876	$89,321	14%	101,979	15%
Four year	971	259,070	41	266,926	39
Subtotal		348,391	55	368,905	54
Private					
Two year	682	8,888	1	13,023	2
Four year	916	261,908	41	285,861	42
Subtotal		270,796	43	298,884	44
Proprietary	897	15,886	3	17,716	3
Total	926	635,073	100	685,505	100

Note: Detail may not add to total due to rounding.

Student Financial Assistance

3. Work-study

Impact Data — Continued

Distribution of Work-Study Recipients and Awards by Family Income
1987-88

Income	Amounts (in 000's)	Percentage of Total	Recipients	Percentage of Total
Undergraduate, Dependent:				
0- $5,999	$55,005	9%	66,033	10%
$6,000- $11,999	59,012	9	68,979	10
$12,000- $17,999	64,076	10	73,386	11
$18,000- $23,999	63,063	10	72,291	11
$24,000- $29,999	55,055	9	64,105	9
$30,000+	117,268	18	143,027	21
Subtotal	413,479	65	487,821	71
Undergraduate, Independent	163,349	26	165,795	24
Graduate	57,606	9	31,077	5
Less-than-half-time	640	*	812	*
Total	635,073	100.0	685,505	100

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* Less than 0.5 percent

Note: Detail may not add to total due to rounding.

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4. Income contingent loans
(Higher Education Act, Title IV, Part D)

1991 Authorization: Indefinite

Budget authority:

1990 Appropriation	1991 Request	Increase or Decrease
$9,863,000 1/	$15,000,000 2/	+$5,137,000

1/ The 1990 appropriation will be used to support two academic years, 1989-90 and 1990-91.

2/ Fiscal 1991 appropriations would support awards in academic year 1991-92.

Purpose and Method of Operation

Grants are made in this program to selected postsecondary institutions for the purpose of testing the feasibility of an unsubsidized, institutionally administered student loan program with income contingent repayments. Loans are made from institutional revolving funds composed of the Federal contribution which is matched by one institutional dollar for every nine Federal dollars. As the program matures, school-level collections on prior year student loans also will revolve back into institutional funds making available a renewable source of loans to new students. Under the Income Contingent Loan (ICL) program, loans are made to undergraduate students who repay these loans on the basis of aggregate loan debt and the borrower's income during the repayment period.

The ICL program allows lower repayment amounts in the early years of the repayment cycle, just after graduation, if borrower earnings are low. The maximum annual repayment obligation is held at 12 percent of the borrower's annual income. However, the institution may, with borrower consent, adjust the annual repayment obligation up to 15 percent to cover the interest, which accrues annually.

The ICL program is a discretionary program in that appropriations are not based on entitlements. The level of funding is dependent upon the availability of appropriations. It is expected that funds appropriated in fiscal year 1991 will support awards in academic year 1991-92. However, because of technical problems with the availability of past appropriations, ICL awards have not been made in the same cycle as other student aid awards.

Purpose and Method of Operation — Continued

For example, fiscal year 1989 funds supported awards in academic year 1988-89 instead of academic year 1989-90, as would normally be the case. In order to restablish a normal funding pattern, the 1990 appropriation of $10 million will be used to support two academic years, 1989-90 and 1990-91, which is consistent with congressional intent as expressed in committee reports. Fiscal year 1991 appropriations will support academic year 1991-92.

Institutional participation: Up to 10 institutions of higher education, which offer a program creditable to an undergraduate degree, may receive an award under this program. Institutions are selected for participation under a competitive process based in part on demonstrated administrative capability. The institutions' administrative capabilities are evaluated using the following criteria: (1) findings regarding the institution's prior program and audit reviews; (2) current Perkins Loan default rate; (3) the institution's proposed plan to operate an ICL program; and (4) the institution's geographic location, academic program level, institutional control and enrollment size. The size of the award is based on the aggregate student need at the institution.

Institutions are reponsible for loan servicing and collections. The Secretary provides a suggested model income contingent repayment schedule, but may approve alternative schedules developed by institutions.

For any year in which an institution receives an allocation of new Federal capital, it may draw from its ICL revolving fund an amount of up to 5 percent of its allocation as reimbursement for the administrative and collection costs of operating this program.

Student participation: In general, undergraduate students qualify for loans by demonstrating need under the same need analysis system as the other campus-based programs (Work-Study, Supplemental Educational Opportunity Grants, and the Perkins Loan program). After loans have been made available to needy students, institutions may use any remaining funds to make loans to students who do not demonstrate financial need.

The following conditions apply to Income Contingent Loans:

Loan limits. A student may borrow up to $2,500 each of the first two academic years of school, $3,500 for the third year, and $4,500 for each of two additional years with an overall aggregate limit of $17,500.

Interest rate. Interest on the loan accrues at the 91-day Treasury bill rate plus 3 percentage points and accrues during all in-school, grace and deferment periods. Interest continues to accrue until the loan is paid in full.

Purpose and Method of Operation — Continued

Deferments. A "financial hardship" deferment (up to three years) may be provided to a borrower who is unable to make scheduled repayments due to extraordinary circumstances.

Repayment terms. The borrower may, but is not required to, make repayments while in school, but interest continues to accrue.

- A borrower's annual repayment obligation is set according to the total amount borrowed as well as the borrower's income for the preceding year.
- Income is documented through borrower submission of Federal income tax forms.
- Repayment amounts range from zero (for those borrowers with no income) to as much as 15 percent of income.
- The repayment period for the ICL is divided into two parts. Initially, during the first 2 years, the repayment amount is computed by the institution on 5 percent of the borrower's adjusted gross income. Subsequently, the repayment amount is computed on between 7 and 12 percent of income, the total loan amount, and year of repayment (the percentage of income payable increases as the repayment period progresses).
- Interest continues to accrue during any period of non-payment.
- Repayment period extends until the loan is repaid.
- Cancellation of the loan obligation occurs only upon the borrower's total disability or death.

Accomplishments

The ICL demonstration project was established to test the feasibility of an unsubsidized, institutionally administered student loan program with income contingent repayment. Since 1987, Federal capital has been appropriated for investment in the revolving funds at 10 pilot institutions. An evaluation report on the performance of the ICL demonstration project, during the initial year of operation (1987-88), is being prepared and will be distributed in the near future. During the ICL program's initial year of operation, the 10 participating institutions made available about $4.8 million in loans to almost 2,100 students. The average loan amount was approximately $2,300. The 1990 appropriation of $9.863 million (which will support awards during two academic years, 1989-90 and 1990-91), combined with school matching contributions, will make about $10.521 million available in award years 1989-90 and 1990-91.

Accomplishments -- Continued

This level of funding will provide for a total of approximately 4,800 loans, averaging $2,200 in each of two academic years. A list of the institutions participating in the ICL demonstration projects is provided below under Impact Data.

1991 Budget Proposal

For the Income Contingent Loan (ICL) program, $15 million is requested for academic year 1991-92, $5.137 million more than the 1990 appropriation for academic years 1989-90 and 1990-91. When supplemented with institutional matching contributions, a total of almost $16.1 million will be available for the 1990-91 program year, providing ICL loans averaging $2,500 to approximately 6,400 students. It is estimated that about 30 institutions would participate in the ICL program under the proposed expansion. The funds would continue to be awarded to institutions that have the capability to implement and demonstrate an income contingent loan program. This request continues and expands the Pilot Demonstration Project initiated in 1987.

The 1991 budget request for the Income Contingent Loan program proposes policies which support the goals of: (1) reducing financial barriers for needy students to postsecondary education; (2) promoting decent education for needy students by providing an additional source of financial aid; and (3) strengthening institutional accountability and reducing error and program abuse.

The Department proposes several legislative changes in order to expand institutional and student participation and to make certain features of the program more accessible to the education community and to student borrowers. The proposals are highlighted below.

The expansion of the ICL Pilot Demonstration Project is intended to accomplish the following objectives.

- Assist additional students by making the loan repayment burden related to an unsubsidized loan manageable, flexible, and as long-term as needed to accommodate individual income circumstances after graduation.

- Improve program cost-efficiency by providing more student loans on an unsubsidized basis (which ultimately would enable the fund to revolve indefinitely at no net cost to the Federal Government in providing loan capital).

- Facilitate higher education access for postsecondary students under an institutionally administered student aid program.

- Provide for broader institutional representation for proposes of evaluating the feasibility of this approach for all types of participating institutions.

Student Financial Assistance

4. Income contingent loans

1991 Budget Proposal -- Continued

The expansion of the ICL program would be accomplished by removing the numerical limit on institutional participation and extending ICL participation to consortia. Also, graduate students would be authorized to borrow under the ICL program. These proposals are discussed in detail below:

- Remove the Numerical Limitation on ICL participation. The limit on institutional participation in the ICL program of 10 institutions would be removed. The purpose of the ICL pilot—to demonstrate the feasibility of a loan program which features repayment amounts based on the borrower's income after graduation--cannot be fully accomplished without examining a representative cross section of educational institutions. A small sample of 10 institutions cannot adequately demonstrate the value and feasibility of the program for the broader institutional community whose characteristics differ widely depending on: (1) geographic location; (2) school size; (3) type and control; and (4) characteristics and income levels of participating students.

- Extend ICLs to Graduate Students. Graduate students would be eligible to receive ICLs, with increased borrowing limits of $10,000 per year, up to a $50,000 cumulative limit for graduate and undergraduate borrowing. These students, in particular, need added financial aid opportunities since: (1) some aid programs are limited to undergraduates; (2) some graduate students have already reached cumulative loan limits under current loan programs; and (3) higher graduate school costs require additional sources of aid. In addition, graduate students may be more receptive to borrowing under the terms and conditions of the ICL program, since they are more likely to have more confidence in their future earning potentials.

- Open ICL Participation to Consortia. Consortia of institutions would be allowed to participate in the ICL program. This would encourage the participation of smaller institutions which might be reluctant to administer the new ICL program on their own.

For 1991, the Department continues to propose reforms designed to limit defaults and reduce the incidence of program abuse across all Federal student aid programs. The primary features of the proposals affecting ICLs are noted below.

Student Financial Assistance

4. Income contingent loans

1991 Budget Proposal — Continued

- Require Institutions to Perform Credit Checks. To prevent defaults by individuals who have already demonstrated a lack of credit-worthiness, institutions would be required to check the credit histories of all ICL borrowers ages 21 and over. Borrowers with poor credit histories would be required to obtain a credit-worthy co-signer. ICL access would not be affected for the vast majority of students who have little or no credit history.

- Require Students to Provide Driver's License Numbers and Other Skip-Tracing Information. In order to facilitate collection of ICLs, borrowers would be required to provide their driver's license number to institutions when they apply for a loan. Also, during the school's exit interview, students would have to provide the address of their next-of-kin, expected address after graduation and the name and address of their expected employer.

- Strengthening Institutional Accountability. The Department also proposes legislative amendments to Title IV student eligibility and institutional eligibility provisions that would strengthen institutional accountability for the Income Contingent Loan program and the other Title IV student aid programs. The ability-to-benefit student eligibility provision would be amended to require any student who is admitted without having a high school diploma, or its recognized equivalent, to pass a test administered by an independent organization. Second, institutional eligibility provisions would be amended to require participating institutions with default rates in excess of 30 percent to implement, for Title IV recipients who withdraw near the beginning of their enrollment periods, a refund policy under which the institution would be required to refund a portion of the amount charged the student. This refund amount must be at least equal to the charges associated with the remaining portion of the enrollment period. Finally, schools would be prohibited from employing commissioned sales representatives for recruiting and admitting activities. These proposals are described in more detail in the Account Summary.

Student Financial Assistance

4. Income contingent loans

Impact Data	1989	1990		1991
	Acad. Yr. 1988-89	Acad. Yr. 1989-90	Acad. Yr. 1990-91	Acad. Yr. 1991-92
Program Funding ($ in 000s)	$4,940	$4,932	$4,932	$15,000
Demonstration projects:				
No. of institutions	10	10	10	30
Average institutional award (whole $)	$494,000	$493,200	$493,200	$500,000
Average administrative set-aside (4%) (whole $)	$21,955	$21,920	$21,920	$20,000
Loan volume ($ in 000s)	$5,269	$5,261	$5,261	$16,000
Average loan (whole $)	$2,200	$2,200	$2,200	$2,500
No. of borrowers	2,395	2,391	2,391	6,400

The following information displays the institutions participating in the ICL demonstration pilot, by type and control, and number and value of ICLs offered (cumulative as of 1988-89 award year). There are currenty no private 2 year or proprietary postsecondary institutions participating in the ICL program.

Public 4 year	Number	Value	Average
Metropolitan State College Denver, Colorado	351	$747,531	$2,130
Rutgers University New Brunswick, New Jersey	597	1,689,900	2,831
University of Missouri at Rolla Rolla, Missouri	212	535,301	2,525
Public 2 year			
Abraham Baldwin Agricultural College Tifton, Georgia	138	570,153	4,132
Private 4 year			
Brown University Providence, Rhode Island	144	224,449	1,559
Hampton University Hampton, Virginia	90	238,102	2,646
Loyola University Chicago, Illinois	409	943,842	2,308
Marquette University Milwaukee, Wisconsin	483	1,536,550	3,181
Rochester Institute Rochester, New York	1,011	2,598,236	2,570
Wheeling College Wheeling, West Virginia	191	404,752	2,119
Total	3,626	9,488,816	2,617

4. Income Contingent Loans

Impact Data -- Continued

Income Contingent Loans Three Examples of Monthly Repayment Levels and Selected Repayment Schedules

Total Income Contingent Loan With Interest 1/	Repayment Term	Borrower Income Beginning - Ending 2/	Interest Rate 3/	Beginning - Ending Monthly Payment
$22,599	17 years	$18,332 - $34,335	8.50%	$76 - $343
$22,599	12 years	$24,042 - $38,491	8.50%	$100 - $385
$22,599	9 years	$31,035 - $44,173	8.50%	$129 - $442

1/ Based on maximum aggregate loan principal amount of $17,500 and accrued in-school interest.

2/ Assumes a 4 percent annual increase in salary throughout repayment term.

3/ Assumes an average T-bill rate of 5.5 percent plus 3 percent.

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5. Perkins loans: a. Federal capital contributions b. Loan cancellations (Higher Education Act, Title IV, Part E)

1991 Authorization: Indefinite

Budget Authority:

	1990 Appropriation	1991 Request	Increase or Decrease
Federal capital contributions......	$135,129,000	---	-$135,129,000
Loan cancellations...	21,700,000	---	-21,700,000
Total..............	156,829,000	---	-156,829,000

Purpose and Method of Operation

The Perkins Loan program provides long-term, low-interest loans on a discretionary basis to financially needy students to assist them with higher education costs. Loans are made from institutional revolving funds composed of: (1) newly appropriated Federal capital contributions (FCC), which are matched by schools at a rate of one institutional dollar for every nine Federal dollars; (2) school-level collections on prior year student loans; and (3) Federal payments for loan cancellations granted in exchange for specified types of teaching, military or public service.

The Perkins Loan program is a discretionary program in that, with the exception of Loan cancellations, the appropriations are discretionary and not based on entitlements. The level of funding is dependent upon the availability of appropriations. Funds appropriated in fiscal year 1991 support awards in academic year 1991-92.

FCC and institutional participation: Approximately 3,300 postsecondary institutions receive a FCC under the Perkins Loan program. As mandated by the statute, funds are distributed to institutions, first, on the basis of the institution's 1985 Perkins Loan allocation and, second, on the basis of the aggregate need of eligible students in attendance. In addition, adjustments are made in consideration of an institution's loan collection/default performance. A school does not qualify for a new FCC if its default rate exceeds 20 percent; and a school's FCC allocation is reduced at default rates above 7.5 percent but no more than 20 percent. If a school's default rate does not exceed 7.5 percent, it qualifies for the full allocation amount determined by other factors. As of June 30, 1988, there were 3,290 institutions participating in the Perkins Loan program. Of that number, 1,623 had default rates less than 7.5 percent; 1,138 schools had default rates greater than 7.5 percent, but less than 20 percent; and 529 institutions had default rates exceeding 20 percent.

Purpose and Method of Operation -- Continued

Schools are fully responsible for loan making, servicing and collections, including the establishment of repayment schedules and borrower counseling. For any year in which an institution receives an allocation of new Federal capital, it may draw from its Perkins Loan revolving fund an amount equal to 5 percent of the amount of new loan awards for that year as reimbursement for the administrative costs of operating this and other Federal student aid programs.

Student participation: Students qualify for loans by demonstrating financial need under a statutory need analysis system. Eligible borrowers are needy undergraduate, graduate, and professional students who are enrolled at an eligible postsecondary institution. However, a student already in default on a Perkins or Title IV Loan, or who owes a refund on any other previously received Federal aid, may not borrow under the program.

The cumulative maximum amounts a student can borrow under the Perkins Loan program are: (1) $4,500 for a student who has not completed 2 academic years of study; (2) $9,000 for a student who has completed 2 academic years of study; and (3) $18,000 for study toward a professional or graduate degree. For the combination of undergraduate and graduate study, the aggregate borrowing limit is $18,000. There are no annual loan limits.

During in-school, grace, and deferment periods, the borrower makes no principal repayments and interest is neither paid nor accrues. During the repayment period (which normally may not exceed 10 years), interest is charged at a 5 percent annual rate.

Loan cancellations: In order to encourage student borrowers under this program to enter certain fields of public interest, and to provide some additional compensation for the performance of military service in "areas of hostilities," legislative provision has been made for cancelling all or a portion of the repayment obligation on Perkins Loans in exchange for specified periods of such service. Annual loan cancellation rates are statutory. The amount that can be cancelled varies from 50 percent to 100 percent depending upon the type of public service performed and when the loan was made. The amount that can be cancelled in any one year also varies from 12.5 percent to 30 percent. Perkins loans may be cancelled for the following types of service: (1) teaching of the handicapped; (2) teaching in schools with high concentrations of low-income students; (3) working as a professional Head Start member; or (4) participating in the Peace Corps or VISTA. For loans made prior to June 30, 1972, schools are reimbursed for the amount of the institutional matching contribution on cancelled loans (which reimbursement may or may not—at institutional discretion—be reinvested in the school's revolving loan fund). For loans made after June 30, 1972, the reimbursement is for 100 percent of the principal amount of the loan cancelled (all of which is then required to be reinvested in the school's loan fund). These payments are entitlements.

Student Financial Assistance

5. Perkins loans: a. Federal capital contributions b. Loan cancellations

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Accomplishments

For nearly 31 years, Federal capital has been appropriated each year for investment in this program's revolving student loan funds administered by postsecondary institutions. The initial appropriation in 1959 of $31 million assisted about 25,000 students with loans averaging $383. The 1990 appropriation of $135.129 million combined with school matching contributions, school-level collections on prior year student loans, and Federal payments for loan cancellations will make about $860 million available in school year 1990-91 for approximately 804,000 loans averaging $1,070.

Loan defaults have plagued the program since its inception. Some progress in reducing defaults has been made over the past few years. This has been due to improved school-level default collections effort (inspired in part by statutory and regulatory penalties), and the assignment of problem defaults to the Department to allow for Federal collections measures.

1991 Budget Proposal

No funds are requested in fiscal year 1991 for Federal capital contributions under the Perkins Loan program. This policy continues the budget policy set forth in the President's FY 1990 budget request. Perkins Loans provide heavy and unnecessary Federal interest subsidies. Collections from prior loans are expected to be sufficient to provide new loans to students without any additional Federal capital contributions. Approximately $744 million from payments made on loans in repayment will be available for new loans in school year 1990-91 from institutional revolving funds. It is estimated that without recourse to a 1991 direct capital appropriation, this level of loan repayments would provide loans averaging $1,070 to approximately 695,000 students.

Increased efforts will continue to be made to reduce outstanding defaults in the Perkins Loan program by strengthening institutional collection requirements and by intensifying Federal collection activities. Enhanced institutional collection efforts should result in more funds becoming available for new loans.

Because Perkins Loan Cancellation reimbursement requests from institutions have been lower than expected -- about $15 million annually -- the current funding level is temporarily in excess of projected needs. Therefore no new funds are being requested for cancellation payments in fiscal year 1991. This funding request does not represent a policy shift but merely reflects a temporary funding surplus. The Department anticipates that approximately $10 million will be required for cancellation payments in fiscal year 1992 and about $15 million annually thereafter.

1991 Budget Proposal -- Continued

In addition, the Department is proposing several reforms designed to reduce defaults. These proposals include:

- Requiring credit checks. To prevent defaults by individuals who have already demonstrated a lack of credit-worthiness, institutions would be required to check the credit histories of all Perkins Loan borrowers ages 21 and over. Borrowers with poor credit histories would be required to obtain a credit-worthy co-signer. Perkins Loan access would not be affected for the vast majority of students who have little or no credit history.

- Requiring students to provide driver's license numbers and other skip-tracing information. In order to facilitate collection of Perkins Loans, borrowers would be required to provide their driver's license numbers to institutions when they apply for a loan. Also, during the school's exit interview, students would have to provide the address of their next-of-kin, expected address after graduation and the name and address of their expected employer.

- Strengthening institutional accountability. The Department also proposes legislative amendments to Title IV student eligibility and institutional eligibility provisions that would strengthen institutional accountability for the Perkins Loan program and other Title IV student aid programs as discussed in the Account Summary. The "ability-to-benefit" student eligibility provision would be amended to require any student who is admitted without having a high school diploma or its recognized equivalent to pass a test administered by an independent organization. Second, institutional eligibility provisions would be amended to require participating institutions with default rates in excess of 30 percent to implement, for Title IV recipients who withdraw near the beginning of their enrollment periods, a refund policy under which the institution would be required to refund a portion of the amount charged the student. This refund amount must be at least equal to the charges associated with the remaining portion of the enrollment period. Finally, schools would be prohibited from employing commissioned sales representatives for recruiting and admissions activities. These proposals are described in more detail in the Account Summary.

Student Financial Assistance

5. Perkins loans: a. Federal capital contributions b. Loan cancellations

Impact Data	1989	1990	1991
Number of Borrowers.....	826,471	803,777	694,914
Loan Volume 1/..........	$884,324,000	$860,041,000	$743,558,000 2/
Average Loan............	$1,070	$1,070	$1,070

1/ Shows total loan capital generated by Perkins Loan program from institutional revolving funds, composed of: payments from loans in repayment status, institutional matching funds (matching is required for new Federal capital contributions only), and Federal loan cancellation payments.

2/ Estimated loan volume available from institutional revolving funds only. No new 1991 matching funds or loan cancellation are proposed.

Distribution of Awards and Dollars to Institutions
($ in thousands)

	1987-88			
	Funds	%	Recipients	%
Public				
Two Year	$25,715	3.2	29,488	4.4
Four Year	367,668	45.7	325,667	48.4
Subtotal	393,383	48.9	355,155	52.8
Private				
Two Year	8,935	1.1	8,245	1.2
Four Year	353,329	43.9	265,881	39.5
Subtotal	362,264	45.0	274,126	40.7
Proprietary	49,543	6.2	44,268	6.6
Total	805,190	100.0	673,549	100.0

Student Financial Assistance

5. Perkins loans: a. Federal capital contributions b. Loan cancellations

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Impact Data -- Continued

Distribution of Awards by Income, Dependency Status, and Degree Level in Academic Years 1986-87 and 1987-88

	1987-88				
	Recipients	%	Aggregate Loans ($000s)	%	Average Loan
Undergraduate:					
Dependent					
0 - $5,999	42,630	6.3	$43,859	5.4	$1,029
$6,000 -$11,999	50,076	7.4	52,682	6.5	1,052
$12,000 -$17,999	63,285	9.4	69,268	8.6	1,095
$18,000 -$23,999	68,442	10.2	75,696	9.4	1,106
$24,000 -$29,999	62,541	9.3	69,620	8.6	1,113
$30,000 +	128,532	19.1	141,668	17.6	1,102
Subtotal	415,506	61.7	452,793	56.2	
Independent	181,378	26.9	201,029	25.0	1,109
Graduate	76,361	11.3	151,086	18.8	1,978
Less than 1/2 time	304	*	283	*	931
Total	673,549	100.0	805,191	100.0	1,195

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* Less than 0.05 percent.

6. State student incentive grants
(Higher Education Act, Title IV, Part A, Subpart 3)

1991 Authorization: Indefinite

Budget Authority:

1990 Appropriation	1991 Request	Increase or Decrease
$59,181,000	—	-$59,181,000

Purpose and Method of Operation

The purpose of the State Student Incentive Grants (SSIG) program is to provide grants to States to assist them in providing need-based grant and work-study assistance to eligible postsecondary students. The work-study assistance is provided through campus-based community service work-learning study programs. Grants and job earnings are limited to $2,500 per academic year for full-time students.

The SSIG program is a discretionary program in that the appropriations are discretionary and not based on entitlements. Program funds are available for obligation from October 1 of the fiscal year of appropriation through September 30 of the subsequent fiscal year. Funds appropriated in fiscal year 1991 support awards in academic year 1991-92.

State participation: Each State's allotment is based on its relative share of the total national population of students eligible to participate in the SSIG program, except that no State is to receive less than it received in 1979 (when the appropriation was $76.75 million). If insufficient Federal SSIG funds are appropriated, each State is allotted an amount proportional to the amount of funds it received in 1979. If a State does not use its allotment, the excess funds are distributed to other States in the same proportion as the original distribution, except that no State can receive more than it can use. Eligible students are defined as those who attend institutions eligible to participate in the State's program. If a State's allocation formula for institutions is based in part on less-than-full-time student enrollment, then a reasonable portion of the awards must be made to less-than-full-time students.

States must, at a minimum, match Federal SSIG grants dollar-for-dollar with State funds that are provided through direct State appropriations for this purpose. They must administer the program under a single State agency agreement and meet maintenance-of-effort criteria.

Purpose and Method of Operation — Continued

States may use up to 20 percent of their SSIG allotments in support of campus-based work-learning jobs which provide community services. Community services are those services which are designed to improve the quality of life for community residents and which provide participating students with work-learning opportunities related to their educational or vocational goals.

Institutional participation: All public or private non-profit institutions of higher education and all postsecondary vocational institutions in a State are eligible to participate in the SSIG program unless specifically excluded by the State's constitution or by a State law enacted before October 1, 1978.

Student participation: Students must demonstrate need under a need analysis system established by the State and approved by the Secretary in order to qualify for an SSIG grant or work-learning job. States may serve graduate as well as undergraduate students, although only nine States are currently exercising this option.

Accomplishments

Prior to authorization of the SSIG program in 1972, only 31 States had student grant programs. The number of State programs has increased since then so that all 50 States and seven outlying areas now have such programs. State need-based grant dollars for undergraduate students have grown from $364 million in academic year 1973-74 (the last year prior to the availability of SSIG awards) to over $1.5 billion in academic year 1988-89. Approximately 1.4 million recipients benefitted from these funds in that year.

1991 Budget Proposal

This program is not proposed for funding in fiscal year 1991 because Federal funds are no longer needed to encourage States to provide State-based aid. All States now support need-based aid programs. Furthermore, State expenditures for grant aid have continued to expand in recent years even as Federal funding has dropped or remained level. In 1988-89, it is estimated that State spending for grants to needy students increased by 8 percent even though funding for SSIG was reduced by over 4 percent compared with the previous year.

Most States considerably overmatch the Federal contribution. It is estimated that in 1988-89, of the 42 States that overmatched their Federal SSIG allotments, 40 provided at least 75 percent more need-based grant aid than was required to satisfy the program's matching provision. This suggests a considerable level of State commitment regardless of Federal expenditures.

Student Financial Assistance

6. State student incentive grants

Impact Data

SSIG Student Awards and Aid Available

	1989	1990	1991
Number of student awards........	261,000	197,000	—
Aid available to students 1/....	$143,800,000	$118,400,000	—
Maximum grant....................	$2,500	$2,500	—
Average grant....................	$550	$600	—

1/ Shows total aid generated by the SSIG program through the dollar-for-dollar State matching requirement.

History of State-Funded Need-Based Undergraduate Scholarship/Grant Programs versus Federal SSIG Funding 1/

	Total State Aid 2/			
Academic Year	# of Awards	$ in Millions	Federal SSIG Funds $ in Millions	Federal SSIG Funds as a % of Total State Aid
1969-70	470,000	$199.9	—	—
1970-71	535,200	236.3	—	—
1971-72	604,000	268.3	—	—
1972-73	661,700	315.5	—	—
1973-74	733,300	364.2	—	—
1974-75	813,100	440.8	$19.00	4.3%
1975-76	901,900	510.2	20.00	3.9
1976-77	1,104,400	651.4	44.00	6.8
1977-78	1,161,400	737.0	60.00	8.1
1978-79	1,217,700	789.2	63.75	8.1
1979-80	1,278,400	864.5	76.75	8.9
1980-81	1,140,100	838.8	76.75	9.1
1981-82	1,210,100	890.6	76.75	8.6
1982-83	1,249,800	959.5	73.68	7.7
1983-84	1,285,000	1,035.4	60.00	5.8
1984-85	1,315,800	1,153.4	76.00	6.6
1985-86	1,302,900	1,234.4	76.00	6.2
1986-87	1,314,500	1,338.2	72.73	5.4
1987-88	1,328,100	1,421.1	76.00	5.3
1988-89	1,321,200	1,500.9	72.76	4.9

1/ Excludes State student aid programs for graduate students because comparable graduate data are unavailable 1969-70 through 1980-81.

2/ Includes Federal SSIG funds.

Source: National Association of State Scholarship and Grant Programs.

Student Financial Assistance

State Student Incentive Grants 1/

State or Outlying Area	1989 Appropriation	1990 Appropriation	1991 Request 2/
TOTAL	$71,889,000	$59,181,000	—
Alabama	1,069,023	880,049	—
Alaska	114,126	93,952	—
Arizona	1,223,106	1,006,895	—
Arkansas	454,548	374,196	—
California	11,038,241	9,086,982	—
Colorado	981,043	807,622	—
Connecticut	935,593	770,206	—
Delaware	191,672	157,789	—
Florida	2,248,551	1,851,069	—
Georgia	1,247,627	1,027,081	—
Hawaii	295,210	243,025	—
Idaho	240,590	198,060	—
Illinois	3,883,111	3,196,684	—
Indiana	1,436,776	1,182,793	—
Iowa	772,413	635,872	—
Kansas	796,105	655,375	—
Kentucky	877,449	722,340	—
Louisiana	1,022,928	842,102	—
Maine	257,506	211,986	—
Maryland	1,310,361	1,078,726	—
Massachusetts	2,310,033	1,901,683	—
Michigan	2,969,676	2,444,719	—
Minnesota	1,389,386	1,143,781	—
Mississippi	608,122	500,623	—
Missouri	1,419,842	1,168,853	—
Montana	198,067	163,054	—
Nebraska	515,097	424,042	—
Nevada	195,956	161,316	—
New Hampshire	250,441	206,170	—
New Jersey	1,884,204	1,551,128	—
New Mexico	364,709	300,238	—
New York	6,072,806	4,999,301	—
North Carolina	1,560,226	1,284,421	—
North Dakota	192,463	158,441	—
Ohio	2,848,368	2,344,855	—

Student Financial Assistance

State Student Incentive Grants — Continued

State or Outlying Area	1989 Appropriation	1990 Appropriation	1991 Request
Oklahoma	$967,454	$796,435	—
Oregon	922,838	759,706	—
Pennsylvania	3,157,419	2,599,274	—
Rhode Island	379,151	312,128	—
South Carolina	777,219	639,828	—
South Dakota	203,941	167,890	—
Tennessee	1,163,300	957,660	—
Texas	3,919,017	3,226,243	—
Utah	533,781	439,423	—
Vermont	180,439	148,543	—
Virginia	1,530,138	1,259,652	—
Washington	1,630,160	1,341,992	—
West Virginia	521,788	429,550	—
Wisconsin	1,498,307	1,233,448	—
Wyoming	120,504	99,202	—
District of Columbia	523,304	430,798	—
Puerto Rico	642,261	528,727	—
Guam	22,771	18,746	—
Other Pacific Islands 3/	6,807	5,604	—
Virgin Islands	13,024	10,722	—
Undistributed	—	—	—

1/ The State allocation is based on the State's relative share of the national population of students eligible to participate in the State Student Incentive Grant program.

2/ No funds are requested for this program in 1991.

3/ Includes Palau, American Samoa and the Northern Mariana Islands.

DEPARTMENT OF EDUCATION

Guaranteed Student Loans

Fiscal Year 1991 Budget Request **Page No.**

Appropriation language.. J-1

Amounts available for obligation.............................. J-2

Obligations and budget authority by activity.................. J-3

Obligations by object... J-4

Summary of changes.. J-5

Authorizing legislation....................................... J-9

Table of estimates and appropriations......................... J-10

Significant items in congressional appropriations reports...... J-11

Justification:

Account summary.. J-12

Activities:
1. Stafford loans...................................... J-25
2. SLS loans... J-34
3. PLUS loans.. J-39

GUARANTEED STUDENT LOANS

(Liquidation of contract authority)

For payment of obligations incurred under contract authority entered into pursuant to title IV, part B, of the Higher Education Act, as amended, [$3,826,314,000] $3,417,806,000. (Department of Education Appropriations Act, 1990.)

Guaranteed Student Loans

Amounts Available for Obligation

	1989	1990	1991 1/
Appropriation...............	$4,066,828,000	$3,826,314,000	$3,368,336,000
Adjustment to finance current year obligations..	217,867,000	260,379,000	---
Adjustment to finance prior year obligations....	---	-217,867,000	-260,379,000
Budget authority (contract authority)..	4,284,695,000	3,868,826,000	3,107,957,000
Sequester..................	---	-12,482,000	---
Subtotal, adjusted budget authority.....	4,284,695,000	3,856,344,000	3,107,957,000
Receipts from:			
Non-Federal sources:			
Defaulted loans repaid..	569,423,000	637,297,000	728,881,000
Excess guarantee agency reserves.......	125,560,000	34,943,000	---
Loan advances repaid....	16,089,000	30,577,000	---
Reinsurance fees........	53,425,000	41,597,000	65,398,000
Student Loan Marketing Association (SLMA) debt repayments.......	---	30,000,000	30,000,000
Rehabilitation of loans.................	736,000	14,264,000	---
Recovery of prior year obligations...............	119,152,000	---	---
Unobligated balance, start of year..................	34,764,000	---	---
Redemption of SLMA debt.....	---	-30,000,000	-30,000,000
Total obligations.........	5,203,843,000	4,615,022,000	3,902,236,000

1/ Reflects savings from legislative changes proposed for later transmittal.

NOTE: Totals may not add due to rounding.

Guaranteed Student Loans

Obligations and Budget Authority by Activity 1/

	1989	1990	1991 2/
Obligations:			
1. Stafford loans 3/......	$4,925,183,000	$4,221,220,000	$3,549,544,000
2. SLS loans..............	226,495,000	329,033,000	282,699,000
3. PLUS loans.............	52,165,000	64,769,000	69,993,000
Total obligations......	5,203,843,000	4,615,022,000	3,902,236,000
Total budget authority.	4,284,695,000	3,856,344,000	3,107,957,000

1/ Budget authority (contract authority) cannot be allocated by activity. Budget authority levels, in total, take into account receipts, recoveries and net unobligated balances. Since these resources are not allocated by activity, no meaningful way to allocate budget authority by activity exists. Here and elsewhere the principal display is of obligations.

2/ Reflects legislative changes proposed for later transmittal.

3/ Stafford obligations include costs of Consolidation loans, here and elsewhere.

Guaranteed Student Loans

Obligations by Object

	1989	1990	1991 1/
Obligations:			
Other services............	$15,014,000	$11,388,000	$14,547,000
Investments and loans.....	1,910,899,000	2,023,460,000	2,021,298,000
Grants, subsidies, and contributions............	3,224,267,000	2,523,722,000	1,810,241,000
Insurance claims and indemnities..............	53,663,000	56,452,000	56,150,000
Total obligations.........	5,203,843,000	4,615,022,000	3,902,236,000
Total budget authority....	4,284,695,000	3,856,344,000	3,107,957,000

1/ Reflects legislative changes proposed for later transmittal.

Guaranteed Student Loans

Summary of Changes

1990 Appropriation	$3,826,314,000
1990 Adjustment to finance prior year obligations	-217,867,000
1990 Adjustment to appropriation to finance current year obligations	260,379,000
1990 Budget authority (contract authority)	3,868,826,000
1990 Sequester	-12,482,000 1/
1990 Adjusted budget authority	3,856,344,000
(Obligations)	(4,615,022,000)
1991 Request	3,368,336,000
1991 Adjustment to finance prior year obligations	-260,379,000
1991 Budget authority (contract authority)	3,107,957,000
(Obligations)	(3,902,236,000)
Net change	-748,387,000
(Obligations)	(-712,786,000)

1/ For GSL, the sequester is applied to the contract authority (budget authority), not the appropriation.

	1990 Base	Change from Base
Increases:		
Built-in:		
1. Increase in interest benefits, net of origination fees, due to a projected increase in new loan disbursements	$1,132,500,000	+$45,500,000
(Obligations)	(1,132,500,000)	(+45,500,000)
2. Increase in supplemental preclaims assistance due to increased Stafford default volume.	4,670,000	+5,000
(Obligations)	(4,670,000)	(+5,000)

Guaranteed Student Loans

Summary of Changes — Continued

	1990 Base	Change from Base
Increases:		
Built-in:		
3. Increase in contract collection costs due to increase in number of default claims collected by the Department.......	$11,268,000	+$3,279,000
(Obligations).....................	(11,268,000)	(+3,279,000)
4. Increase in costs due to decrease in loan advances repaid resulting from legislative recall requirements...............	-30,577,000	+30,577,000
(Obligations).....................	(---)	(---)
5. Increase in costs due to completion of rehabilitation (sale) of loans demonstration project in 1990.....	-14,264,000	+14,264,000
(Obligations).....................	(---)	(---)
6. Increase in costs due to completion of excess reserves recovery in 1990..................	-34,943,000	+34,943,000
(Obligations).....................	(---)	(---)
Subtotal............		+128,568,000
(Obligations)........		(+48,784,000)
Decreases:		
Built-in:		
1. Decrease in special allowance due to projected decline in 91-day T-bill rates...............	1,256,700,000	-731,700,000
(Obligations).....................	(1,256,700,000)	(-731,700,000)
2. Decrease in defaults related in part to decreased volume of SLS loans entering repayment and subject to default................	2,023,460,000	-1,413,000
(Obligations).....................	(2,023,460,000)	(-1,413,000)

Guaranteed Student Loans

Summary of Changes -- Continued

	1990 Base	Change from Base
Decreases: **Built-in:**		
3. Decrease in death, disability and bankruptcy claims related in part to decreased volume of SLS loans in repayment and subject to claim..........................	$56,452,000	-$302,000
(Obligations).....................	(56,452,000)	(-302,000)
4. Decrease in administrative cost allowances due to decreased volume of SLS loan disbursements..	129,852,000	-1,617,000
(Obligations).....................	(129,852,000)	(-1,617,000)
5. Decrease in administrative costs due to a one-time administrative cost for court cases involving GSL recoveries in 1990............	120,000	-120,000
(Obligations).....................	(120,000)	(-120,000)
6. Decrease in costs due to increase in offsetting collections from loans repaid (Federal collections, IRS offsets and guarantee agency reimbursements)..	-637,297,000	-91,584,000
(Obligations).....................	(---)	(---)
7. Decrease in costs due to increase in offsetting collections from reinsurance fees..................	-41,597,000	-749,000
(Obligations).....................	(---)	(---)
Decreases: **Program:**		
1. Decrease in interest benefits, net of origination fees, due to default reduction proposals.......	1,132,500,000	-19,305,000
(Obligations).....................	(1,132,500,000)	(-19,305,000)
2. Decrease in special allowance, due to default reduction proposals........................	1,256,700,000	-3,472,000
(Obligations).....................	(1,256,700,000)	(-3,472,000)

Guaranteed Student Loans

Summary of Changes -- Continued

	1990 Base	Change from Base
Decreases:		
Built-in:		
3. Decrease in loan default claims due to default reduction proposals..........................	$2,023,460,000	-$749,000
(Obligations).....................	(2,023,460,000)	(-749,000)
4. Decrease in administrative cost allowances due to default reduction proposals...............	129,852,000	-2,892,000
(Obligations).....................	(129,852,000)	(-2,892,000)
5. Decrease in costs due to increase in offsetting collections from reinsurance fees resulting from proposed revision to reinsurance fee formula...........................	-41,597,000	-23,052,000
(Obligations).....................	(---)	(---)
Subtotal............		-876,955,000
(Obligations).......		(-761,570,000)
Net change..........		-748,387,000
(Obligations).......		(-712,786,000)

Guaranteed Student Loans

Authorizing Legislation

Activity	1990 Authorized 1/	1990 Obligations	1991 Authorized 1/	1991 Obligations 2/
Stafford loan program (HEA Title IV-B)	Indefinite	$4,221,220,000	Indefinite	$3,549,544,000
SLS loan program (HEA Title IV-B)	Indefinite	329,033,000	Indefinite	282,699,000
PLUS loan program (HEA Title IV-B)	Indefinite	64,769,000	Indefinite	69,993,000
Total obligations........		4,615,022,000		3,902,236,000
Total budget authority...		3,856,344,000		3,107,957,000

1/ Guaranteed Student Loan programs are appropriated entitlement programs. Specific limiting authorization levels by activity are not legislated. Title IV of HEA provides for permanent, indefinite contract authority (budget authority) to meet the entitlement costs (obligations), but requires a subsequent appropriation of cash to liquidate (pay) the obligations.

2/ Reflects legislative changes proposed for later transmittal.

Guaranteed Student Loans

Table of Estimates and Appropriations

	Budget Estimate to Congress	House Allowance	Senate Allowance	Appropriation 1/
1982	$1,765,346,000	$1,765,346,000	$2,594,500,000	$3,073,846,000
1983	2,472,631,000	2,472,631,000	3,088,500,000	3,100,500,000
1984	2,045,600,000	1,267,100,000	2,253,740,000 2/	2,265,580,000
1985	2,840,677,000	3,046,000,000	3,079,477,000	3,079,477,000
1985 Supplemental	---	---	---	720,346,000
1986	2,714,482,000	2,714,482,000	3,300,000,000	3,300,000,000
1986 Sequester				-34,059,000
1986 Supplemental	+65,044,000	---	---	---
1987	2,329,586,000	3,394,000,000	3,004,000,000	3,004,000,000
1987 Supplemental	-287,000,000	-226,730,000	-287,000,000	-287,000,000
1988	1,176,574,000	2,425,000,000	2,935,600,000	2,565,000,000
1989	2,735,598,000	3,174,400,000	3,174,400,000	4,066,828,000 3/
1990	3,728,911,000 4/	3,651,000,000	3,826,314,000	3,826,314,000 5/
1990 Sequester				-12,482,000
1991	3,368,336,000 6/			

1/ Reflects enacted supplementals, rescissions and reappropriations in amounts appropriated prior to fiscal year 1985.

2/ Senate Committee action.

3/ Includes $329,928,000 necessary to finance obligations incurred in 1988 under contract authority.

4/ Fiscal year 1990 amended budget request.

5/ Includes $217,867,000 to finance obligations incurred in 1989 under contract authority.

6/ Reflects legislative changes proposed for later transmittal. Includes $260,379,000 to finance obligations incurred in 1990 under contract authority.

Guaranteed Student Loans

Significant Items in Congressional Appropriations Requests

Item	Action Taken Or To Be Taken
1990 House Report	
Report on Status of Loan Defaults	
The Committee requests that a report on the history of the default problem and default losses under both Stafford and Perkins loans be submitted January 1 and July 1 of 1990.	The Department is preparing a report on student loan defaults. The initial report will be submitted to the Committee in the near future.
1990 Senate Report	
Institutional Default Reduction "Self-Initiatives"	
The Committee strongly encourages the development of pilot projects that would encourage schools or guarantee agencies to develop their own procedures for reducing defaults, improving data quality, and enhancing student loan processing.	Through a variety of means, the Department encourages participating schools, lenders, and guarantee agencies to initiate innovative practices designed to reduce defaults, improve data quality, and promote application processing efficiencies. For several years, the Department has supported an "institutional quality control" project involving the administration of all Title IV student aid programs at some 63 schools. The feasibility of expanding this approach to lenders and guarantee agencies is being evaluated, and the possibility of changes in or waivers to existing regulatory and statutory provisions in support of such pilot projects is being reviewed.

Guaranteed Student Loans

Account Summary

	1989	1990	1991 1/
Obligations:			
1. Stafford loans............	$4,925,183,000	$4,221,220,000	$3,549,544,000
2. SLS loans.................	226,495,000	329,033,000	282,699,000
3. PLUS loans................	52,165,000	64,769,000	69,993,000
Total obligations........	5,203,843,000	4,615,022,000	3,902,236,000
Offsetting collections from Non-Federal sources:			
Stafford loans:			
Defaulted loans repaid:			
Federal collections......	-96,342,000	-61,450,000	-77,570,000
Offsets against Federal tax refunds.....	-158,231,000	-186,410,000	-220,280,000
Reimbursements from guarantee agencies......	-284,925,000	-341,809,000	-378,561,000
Other collections:			
Advances repaid..........	-16,089,000	-30,577,000	---
Reinsurance fees.........	-41,137,000	-32,764,000	-53,093,000
Rehabilitation (sale) of loans................	-736,000	-14,264,000	---
Excess guarantee agency reserves.........	-125,560,000	-34,943,000	---
SLS loans:			
Defaulted loans repaid:			
Federal collections......	-240,000	-522,000	-2,139,000
Offsets against Federal tax refunds.....	-1,214,000	-5,031,000	-9,847,000
Reimbursements from guarantee agencies......	-22,822,000	-34,157,000	-30,010,000
Reinsurance fees...........	-9,097,000	-6,063,000	-7,547,000
PLUS loans:			
Defaulted loans repaid:			
Federal collections......	-42,000	-108,000	-441,000
Offsets against Federal tax refunds.....	-250,000	-1,039,000	-2,033,000
Reimbursements from guarantee agencies......	-5,357,000	-6,771,000	-8,000,000
Reinsurance fees...........	-3,191,000	-2,770,000	-4,758,000

1/ Reflects legislative changes proposed for later transmittal.

Guaranteed Student Loans

Account Summary — Continued

	1989	1990	1991
SLMA repayments to FFB......	---	-$30,000,000	-$30,000,000
Subtotal, offsetting collections.	-$765,233,000	-788,678,000	-824,279,000
Recovery of prior year obligations...............	-119,152,000	---	---
Adjustment, unobligated balances:			
Unobligated balance, start of year............	-34,764,000	---	---
Redemption of debt...........	---	30,000,000	30,000,000
Total budget authority.......	4,284,695,000	3,856,344,000	3,107,957,000

Guaranteed Student Loans play a major role in helping to provide access to and a measure of choice in postsecondary education. In 1989, over $10.9 billion in Guaranteed Student Loans were made (the largest amount ever). This amount represents 62 percent of Department of Education aid made available to postsecondary students. These programs continue to be the single largest source of Federal student aid. There are four program components:

(1) Stafford loans (formerly regular loans) under which the Federal Government pays the interest while the student is in school and during certain grace and deferment periods;

(2) PLUS loans, which do not have interest subsidies for borrowers;

(3) Supplemental Loans for Students (SLS) made to undergraduates and graduate students, which also do not have interest subsidies for borrowers; and

(4) Consolidation Loans under which borrowers may have their obligations consolidated and their repayment schedules extended if they borrowed a minimum of $5,000 under federally insured and reinsured Stafford loans, Perkins (formerly NDSL) loans, SLS, PLUS loans made to students prior to enactment of the SLS program, and Health Professions Student Loans.

Guaranteed Student Loans

Account Summary -- Continued

The Stafford loans, SLS, and PLUS loan components provide an indirect subsidy to approximately 9,000 participating universities, colleges, and vocational schools by promoting the availability of loans from 13,000 participating banks and other lenders to eligible students and their parents to help meet postsecondary education costs. This is accomplished through Federal reinsurance of loans against borrower default and through the provision of substantial interest subsidies and other support. In general, the programs are administered through State and private nonprofit guarantee agencies which serve as intermediate loan insurors, defaulted loan collectors, and providers of various services to lenders. The Federal Government also provided direct insurance of loans through July 1984, and continues to be responsible for collecting on defaulted directly insured loans.

Loan Volume

By the end of fiscal year 1989, Guaranteed Student Loans had supported over $93 billion in loans to students and parents since the program's inception. Of this amount, $7 billion was directly insured by the Federal Government and $86 billion was insured by guarantee agencies and reinsured by the Federal Government. The increasing popularity of Guaranteed Student Loans and their costs to the taxpayer are reflected in the following table.

Recent History of Guaranteed Student Loans

	1983	1984	1985	1986	1987	1988	1989
Loan volume ($ in millions)	$6,587	$7,528	$8,478	$8,152	$9,271	$10,380	$10,938
Recipients (# in thousands)	2,889	3,235	3,645	3,433	3,691	3,967	4,128
Federal costs: ($ in millions)							
Appropriations	$3,088	$2,257	$3,800	$3,266	$2,717	$2,565	$4,067
Net obligations	$2,511	$2,963	$3,888	$3,288	$3,179	$2,664	$4,439

(NOTE: Loan volume and recipients reflect loan disbursements.)

Guaranteed Student Loans

Account Summary — Continued

Federal Payments to Guarantee Agencies

All new loans are insured directly by guarantee agencies, then reinsured by the Federal Government. The following table displays Federal payments to these agencies, separated into net payments for loan guarantees and net payments for agency overhead costs.

Net Federal Obligations For Guarantee Agency Costs

(in millions of dollars)

	1989 Actual	1990 Estimate	1991 Estimate
1. Reinsurance obligations			
Default claims................	$1,911	$2,023	$2,021
Death, disability, and bankruptcy claims............	54	56	56
2. Reinsurance receipts			
Gross agency default collections..................	-447	-547	-595
Repayment of advances.........	-16	-31	---
Elimination of excess reserves.....................	-126	-35	---
Rehabilitation of loans.......	-1	-14	---
Subtotal, net reinsurance obligations.................	1,375	1,453	1,482
3. Administrative cost obligations			
Administrative cost allowances..................	119	130	125
Supplemental preclaims assistance..................	4	5	5
Collection retention allowance....................	134	164	179
4. Reinsurance fees..............	-53	-42	-65
Subtotal, net administrative cost obligations............	204	257	243
Total, net obligations...	1,579	1,710	1,725

NOTE: Detail may not add due to rounding.

Default Problems

A major challenge for the Department is control of Guaranteed Student Loan default costs. Default costs continue to increase, with approximately $1.9 billion expended in fiscal year 1989 to cover defaults on loans. The Department recently announced a four-pronged default reduction initiative: (1) final regulations which encompass a graduated approach — increasing sanctions based on a series of default rate thresholds — to encourage default prevention by the participating schools; (2) a Notice of Proposed Rulemaking which would require that all private vocational schools establish a "teach-out" with another school in case of school closure; final regulations will be published in March 1990; (3) legislative proposals to reduce defaults, eliminate program abuses, and improve collections; and (4) increased administrative activities by the Department to improve default prevention, enforcement, and collection efforts.

The following table illustrates historical and projected default rates and costs to the taxpayer.

Guaranteed Student Loan Defaults

	1988	1989	1990	1991
Gross default rate	13.6%	14.2%	14.9%	15.4%
Net default rate [1/]	9.6%	9.7%	10.0%	10.0%
Annual default cost (in millions of dollars)	$1,389	$1,911	$2,023	$2,021

[1/] The net default rate reflects collections on defaults. Due to increased collection efforts by the Department and guarantee agencies, this rate is not rising as rapidly as the gross default rate.

The Department will continue to pursue administrative measures designed to improve collections and reduce defaults. The Department has expanded its use of private collection agencies to complement Federal collectors, offset the salaries of Federal employees in default, offset defaulters' Federal tax refunds, and increased lender and guarantee agency collection "due diligence" requirements. The Department will also review its policies on debt compromise in 1990 to ensure that Federal revenues from compromise are maximized. Receipts from collections on defaulted loans (both Federal collections and guarantee agency reimbursements) are estimated to increase from $569 million in 1989 to $637 million in 1990.

Guaranteed Student Loans

Account Summary -- Continued

1991 Budget Request

Guaranteed Student Loan programs are appropriated entitlement programs. Title IV, Part B, of the Higher Education Act expressly permits the Department to incur obligations in excess of or in advance of appropriations. The Department's request for Guaranteed Student Loans in 1991 ($3,368,336,000) reflects estimated entitlement costs of $3,157,427,000 and savings of $49,470,000 from legislation proposed for later transmittal. The 1991 appropriation request also includes $260,379,000 to finance obligations incurred in 1990 under contract authority.

Legislative Proposals

The proposed 1991 budget incorporates several changes in Guaranteed Student Loans and reflects savings based on the Department's legislative proposals. These proposals address the still unacceptably high costs associated with student loan defaults and Federal subsidies, while at the same time providing loan availability to ensure students both access and choice in their postsecondary education. The proposed changes include the following:

- Risk-sharing with guarantee agencies: In order to stimulate greater collection diligence by guarantee agencies and reduce the Federal Government's reimbursement costs, the Federal reinsurance of default claims paid by guarantee agencies would be changed to a flat 90 percent rate, in place of the current 100/90/80 sliding scale each year. In addition, this proposal would stimulate guarantee agencies to enforce lender due diligence. Also, the Department would apply a flat reinsurance fee rate of 0.5 percent to all new loans.

- Delayed disbursement: Disbursements of loans to first-time borrowers would be delayed until 30 days from the student's first day of classes. This would help reduce the inordinately high rate of default by students who withdraw within the first few weeks of class. This requirement would build on the 1989 Omnibus Budget Reconciliation Act, which applies such a requirement only to SLS loans.

- Require lenders to perform credit checks: To prevent defaults by individuals who have already demonstrated a lack of credit-worthiness, lenders would be required to check the credit histories of all Guaranteed Student Loan applicants who are age 21 or older. Applicants with poor credit would be required to obtain a credit-worthy co-signer. Guaranteed Student Loan access would not be affected for the many students who have little or no credit history.

Guaranteed Student Loans

Account Summary — Continued

Legislative Proposals — Continued

- Require lenders to provide graduated repayment options to borrowers: This proposal would require lenders to offer optional graduated repayment schedules to all Stafford and SLS borrowers prior to commencement of repayment. The schedules would provide for the repayment of as little as only accrued interest during the first year of repayment and would require the borrower to resume repayment, on an equal installment basis, after the fourth year of repayment, so that the 10-year statutory maximum period would not be extended. The borrower's active involvement in establishing repayment terms would reinforce the seriousness of the repayment obligation. Smaller payment amounts early in the repayment period also would enable the borrower to establish the kind of disciplined repayment habit that avoids later default.

- Require students to provide driver's license numbers and other skip-tracing information: Difficulty in locating delinquent borrowers is another problem related to defaults. To make it easier to locate delinquent and defaulting borrowers, the Department proposes to require schools to obtain, at the time of application, the borrower's driver's license number. Similarly, during the exit interview, the school would obtain the borrower's expected address after graduation, the address of the borrower's closest relative, and the name of the borrower's expected employer after graduation. Access to such information would enhance collection efforts with little increase in the administrative burden on schools or lenders.

- Authorize guarantee agencies to garnish defaulters's wages: This proposal would authorize guarantee agencies to garnish defaulter's wages, up to 10 percent of disposable pay, after the defaulter is provided notice and an opportunity for a hearing. Wage garnishment is particularly appropriate in this program since unemployment is grounds for a deferment, and since a major benefit of the program for borrowers is the opportunity to acquire employment skills. Use of defaulter wage garnishment nationwide would serve as a default deterrent and should significantly increase collections.

- Modify ability-to-benefit provision: This proposal would require applicants of all title IV student aid programs who are admitted under the "ability-to-benefit" criteria to pass a test, prior to enrollment, formulated and administered by an independent organization. The Secretary would determine that the organization is truly independent of the schools that would be using the test to establish their students' ability to benefit. The Secretary would not assess or regulate the adequacy of a test unless the students who achieved passing scores are

Legislative Proposals — Continued

not achieving substantially the same graduation, job placement, or State licensing examination pass rates as students attending the same schools who received their high school diploma or GEDs prior to admission to such schools. Mandating an independent regimen of test administration before enrollment would eliminate the widely publicized abuses of the ability-to-benefit criteria that have resulted in dropouts and defaults. The high rate of dropouts and defaults has damaged the integrity of the Department's student aid programs and victimized many disadvantaged students.

- Prohibit schools from employing commissioned sales representatives for recruiting and admissions activities: In order to help prevent high pressure sales techniques and the exploitation of unqualified students, this proposal would prohibit schools from employing anyone other than salaried employees or volunteers to conduct recruiting or admitting activities. It would also prohibit the paying of commissions, bonuses, or other incentives, based solely on enrollment or student aid volume, to persons engaged in recruiting or admissions activities.

Guaranteed Student Loans

Account Summary -- Continued

Savings in Obligations by Legislative Proposal
(Dollars in thousands)

Proposed Policies	1991	1992	1993	1994	1995
Reduce guarantee agency reinsurance to 90% flat rate	$663	$4,310	$22,286	$61,510	$104,391
Increase reinsurance fee rate to 0.5%..........................	23,052	25,767	26,375	27,510	28,882
Delay disbursements to first time borrowers......................	21,343	83,980	109,089	115,630	119,150
Prohibit commissions for recruiting and admissions activities....................	---	1,087	6,722	12,943	13,839
Require credit checks on some borrowers......................	4,733	12,572	26,202	41,008	45,348
Require graduated repayment options.........................	-321	-364	1,896	7,611	13,571
Allow State wage garnishment......	---	2,913	6,395	10,490	15,239
Tighten ability to benefit provisions......................	1,986	9,101	31,619	56,359	59,956
Subtotal	51,456	139,366	230,584	333,061	400,376
Interaction Adjustment 1/.........	-1,986	-10,189	-38,342	-69,302	-73,794
Total Savings in Obligations..	49,470	129,177	192,242	263,759	326,582

1/ Policies considered interactive include modified ability-to-benefit provisions, delayed disbursement, and prohibition against commissions for recruiting and admissions activities.

Guaranteed Student Loans

Account Summary — Continued

Legislative Proposals — Continued

The 1991 budget proposal to reform this program would result in significant long-term budgetary savings. The following table shows the savings of the President's Budget when compared to current services levels for 1991-1995:

(dollars in millions)

	1991	1992	1993	1994	1995
Current Services					
Budget Authority	$3,157	$2,908	$2,803	$2,706	$2,685
Outlays	3,267	2,928	2,794	2,696	2,659
President's Budget					
Budget Authority	3,108	2,779	2,611	2,442	2,359
Outlays	3,228	2,815	2,615	2,446	2,345
Savings					
Budget Authority	49	129	192	264	326
Outlays1	40	113	180	249	314

1989 Budget Reconciliation Act

The Department anticipates significant cost savings as a result of the 1989 Omnibus Budget Reconciliation Act. The Act includes the following provisions:

Guaranteed Student Loan Deferments and Forbearance for Medical Interns:

- o A medical intern is no longer eligible to receive an in-school deferment (with no time limit) while he or she is serving in a medical residency or internship program. Previsouly, medical students attending schools that classify interns as full-time students could receive deferments for their entire internships under the in-school deferment provision (an average of three or four years), versus the two-year maximum under the internship deferment provision--which remains available. This provision applies to all Guaranteed Student Loans, including loans made prior to enactment of this amendment.

- o Lenders are required to grant forbearance to a medical intern, upon written request and renewable at 12-month intervals, for a period equal to the length of time remaining in the borrower's medical internship, after the two-year medical internship deferment period has ended (i.e., no cap on the medical internship forbearance period).

Guaranteed Student Loans

Account Summary -- Continued

1989 Budget Reconciliation Act — Continued

Disbursement of Guaranteed Student Loans:

- Multiple disbursement of loan proceeds according to a schedule established by the institution is required for any period of enrollment for all loans guaranteed under the Higher Education Act, Part B. (Previously, the law required multiple disbursement only for Stafford and SLS loans, and only for periods of enrollment greater than 6 months and amounts of $1,000 or more.) The minimum interval between the first and second installment will not be less than one-half of the enrollment period, except as necessary to permit the second installment to be disbursed at the beginning of the second semester, quarter, or similar division.

- An institution is required to delay disbursement for first-year undergraduate students of any SLS loan proceeds until 30 days after the borrower begins a course of study.

- These provisions also clarify that the lender must withhold the second disbursement of a Stafford or SLS loan, if the borrower ceases to be enrolled on at least a half-time basis before the second (or any succeeding) installment has been disbursed. Furthermore, if the sum of a Stafford loan disbursement and the other financial aid obtained by a student exceeds the student's eligibility for Title IV aid, the institution is required to return to the lender the portion (or all) of such disbursement that exceeds the eligible amount. The returned amount will be credited to the borrower's loan and treated as a prepayment.

Guaranteed Student Loan Default Reduction Program:

- GSL defaulters will be given a six-month (March 1, 1990 through September 1, 1990) "amnesty" opportunity. Defaulters who repay their loans in full (principal & interest) will:

  1) not be assessed any penalties (e.g., collection costs);
  2) have their credit bureaus informed that their loans have been paid in full; and
  3) be eligible to receive additional Federal student aid.

- The default reduction program also extends the rehabilitation program (formerly a pilot program) to all defaulted loans, as a repayment incentive program.

Guaranteed Student Loans

Account Summary -- Continued

1989 Budget Reconciliation Act -- Continued

Sanctions Against Lenders and Schools:

- This provision establishes in the law the Secretary's authority to take emergency actions against institutions and lenders by immediately cutting off student aid funds in instances where the Secretary receives reliable information regarding program violations, determines that immediate action is necessary to prevent the loss of Federal funds, and determines that the likelihood of loss outweighs the importance of following limitation, suspension, or termination (LST) procedures.

Effect of Loss of Accreditation:

- An institution that loses its accreditation is now required to wait 24 months before it can again be eligible to participate in the Federal student aid programs, unless its accreditation is restored by the same accrediting agency which had accredited it prior to the withdrawal or if the institution demonstrates its academic integrity to the satisfaction of the Secretary. The Secretary is authorized to initiate LST proceedings against an institution which loses accreditation.

National Student Loan Data System:

- The Secretary is directed to develop, with the assistance of guarantee agencies, lenders, and institutions, a "mutually agreeable" proposal for the establishment of the NSLDS containing information regarding loans made and insured under the Guaranteed Student Loan and Perkins Loan programs. The prohibition against its use in enforcing eligibility rules is repealed. The data system will include:

  --the exact amount of loans made;
  --the names, social security numbers, and addresses of the borrowers (and in the case of dependent students, the names and addresses of the parents of such students);
  --the guarantee agency responsible for the guarantee of the loan;
  --the institution of higher education or organization responsible for loans made under part E;
  --all institutions attended by the borrower;
  --total and net loan balances;
  --the lender, holder, and servicer of loans;
  --default status (date of default and collection of loan);
  --repayment status and date of cancellation of the loan upon completion of repayment.

1989 Budget Reconciliation Act -- Continued

- For the purposes of research and policy analysis, the following additional data shall be collected: income level of the borrower and his/her family, extent of the borrower's need for student aid, type of institution attended, years attended, other student financial assistance received by the borrower and information concerning Federal costs associated with the GSL program, e.g., interest subsidy costs, special allowance payments and other subsidies.

Limits on the SLS Program:

- Undergraduate students are now prohibited from borrowing SLS funds if enrolled at an institution with a cohort default rate of 30 percent or higher. The cohort default rate for institutions with more than 30 borrowers entering repayment in any fiscal year is based on the percentage of students who enter repayment in a given year who default before the end of the following fiscal year. This is identical to the default rate used by the Department for the Secretary's default reduction initiative. For institutions with less than 30 borrowers entering repayment, the cohort default rate for any fiscal year is calculated based on an average of the percentages for the three most recent fiscal years of students entering repayment in a given year who default before the end of the following fiscal year. This restriction was effective January 1, 1990, and will cease to be effective on October 1, 1991.

- Maximum loan limit remains at $4,000, except for students who have not successfully completed their first year and who are not enrolled full-time for a complete academic year:

  - $2,500 for a student who is enrolled for at least two-thirds of an academic year;

  - $1,500 for a student who is enrolled for less than two-thirds but at least one-third of a complete academic year;

  - $0 for a student who is enrolled for less than one-third of an academic year.

- Students who are admitted on the basis of their "ability to benefit" from the postsecondary training are no longer eligible for the SLS program until they obtain a GED or equivalent. In order to participate in Title IV programs, any institution which admits students on the basis of their ability to benefit are now required to make available to each student a program proven successful in assisting students in obtaining a certificate of high school equivalency.

Guaranteed Student Loans

1. Stafford loan program
(Higher Education Act, Title IV, Part B)

1991 Authorization: Indefinite

Obligations:

	1990	1991 1/	Increase or Decrease
Interest subsidies:			
Interest benefits, net of origination fees	$1,132,500,000	$1,158,695,000	+$26,195,000
Special allowance, net of origination fees	1,256,700,000	521,528,000	-735,172,000
Subtotal	2,389,200,000	1,680,223,000	-708,977,000
Insurance costs: Default claims	1,660,250,000	1,698,741,000	+38,491,000
Death, disability and bankruptcy claims	51,932,000	51,625,000	-307,000
Subtotal	1,712,182,000	1,750,366,000	+38,184,000
Guarantee agency subsidies:			
Administrative cost allowances to guarantee agencies	104,739,000	100,952,000	-3,787,000
Supplemental preclaims assistance	3,826,000	3,924,000	+98,000
Subtotal	108,565,000	104,876,000	-3,689,000
Collection costs:			
Contract collection costs	11,153,000	14,079,000	+2,926,000
Administrative costs	120,000	—	-120,000
Subtotal	11,273,000	14,079,000	+2,806,000
Total Stafford loan obligations	4,221,220,000	3,549,544,000	-671,676,000

1/ Reflects legislative changes proposed for later transmittal.

Guaranteed Student Loans

1. Stafford loan program

Purpose and Method of Operation

Stafford loans may be borrowed by any eligible student, regardless of the student's year in school or dependency status. The loan limits are $2,625 annual for first and second year undergraduates, $4,000 annual for other undergraduates, and $17,250 cumulative for undergraduates. Graduate student loan limits are $7,500 annual and $54,750 cumulative (inclusive of undergraduate Stafford loans borrowed by the student). Students may borrow only up to the amount of their need (i.e., cost of attendance minus expected family contribution minus other aid), as determined by an approved need analysis system.

Interest subsidies. The purpose of Federal interest subsidization of Stafford loans is to promote the availability of relatively low-interest loans to students who would otherwise be unable to secure such low-interest loans from commercial banks and other lenders for use in financing their postsecondary education. Subsidization of Stafford loans to all eligible students is provided throughout the life of the loan. The interest obligation of borrowers is currently 8 percent through the fourth year of repayment, and 10 percent thereafter, although the Federal Government pays this obligation (the "interest benefit") while Stafford loan borrowers are in school, and during grace and deferment periods. Loan principal need not be repaid during the in-school, grace and deferment periods. In view of this high subsidization, the Omnibus Budget Reconciliation Act of 1981 created a 5 percent Stafford loan "origination fee" which is paid by Stafford loan borrowers to help offset Federal interest subsidy payments.

o Interest benefits - Payments to lenders are equal to the Stafford loan borrower's interest obligation (8 percent to new borrowers) during in-school, grace and deferment periods. The Department of Education makes quarterly payments to lenders based on lender reports of eligible loan volume.

o Special allowance - The purpose of a special allowance is to provide lenders with a yield adequate to assure lender participation. This supplemental interest payment to lenders varies with 91-day Treasury bill rates. Quarterly payments to lenders (based on outstanding loan volume) assure that, when added to the borrower's interest (or the interest benefits subsidy), the lender receives a total variable yield equal to the

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Purpose and Method of Operation — Continued

quarterly average of 91-day Treasury bill rates plus 3.25 percentage points, or the borrower's interest rate, whichever is greater. As a result of the fiscal year 1990 sequestration order required by the Gramm-Rudman-Hollings Act, for loans originated in the first quarter of fiscal year 1990, lenders will receive for the first calendar year, a total variable yield equal to the quarterly average of 91-day Treasury bill rates plus 3.0 percentage points. Lenders using the proceeds of tax-exempt obligations to make or purchase loans are entitled to a total variable yield equal to the quarterly average of 91-day Treasury bill rates plus 1.75 percentage points, or 9.5 percent, whichever is greater.

- Origination fees - Stafford loan borrowers are charged a loan origination fee equal to 5 percent of the loan principal to help offset Federal interest subsidy payments. This fee is generally paid out of the loan proceeds. Rather than forwarding the origination fees to the Department, the quarterly interest subsidy payments to lenders are generally offset by the amount of origination fees collected by lenders during each quarter. As a result of the fiscal year 1990 sequestration order, required by the Gramm-Rudman-Hollings Act, the Stafford loan origination fee was increased by 0.5 percentage points for the period October 1, 1989 through December 31, 1989.

Insurance costs. These costs promote the availability of loans to students for postsecondary education by providing Federal reinsurance to participating State and private nonprofit guarantee agencies for up to 100 percent of their losses in insuring commercial banks and other lenders against borrower default on Stafford loans. The Department of Education also reimburses guarantee agencies for 100 percent of their losses due to borrower death, disability and bankruptcy.

Prior to July 1984, the Federal Insured Student Loan (FISL) program provided direct Federal insurance for loans to students who did not have reasonable access to State or private non-profit guarantee agency programs. For these loans, the Department of Education pays the lending institution 100 percent of the unpaid principal balance plus interest on defaulted loans. In addition to default claims, insurance costs include commission payments to private collection firms, and payments for death, disability and bankruptcy claims.

Purpose and Method of Operation -- Continued

Debt collection. Guarantee agencies promote lender participation and provide various services to lenders. They must also require collection diligence on the part of lenders as a condition of paying default claims. Once a claim has been paid to the lender, the guarantee agencies collect on defaulted accounts. They return to the Secretary about 70 percent of their collections, depending upon the level of Federal reinsurance and the percentage retained to meet administrative expenses (by statute, 30 or 35 percent of collections may be retained for this purpose).

Since fiscal year 1988, the Department has mandated assignment of defaulted accounts from guarantee agencies to the Department for two purposes: (1) salary offset of Federal employees who are defaulters, and (2) a study comparing the guarantee agencies' collection performance with that of Department collectors. As annual Federal employee matches are conducted, the Department will continue to require that the accounts of matched defaulters who have not made satisfactory arrangements to repay the guarantee agency be assigned to the Department for salary offset. Also, as of 1989, guarantee agencies were required to turn over to the Department "aged" accounts. "Aged" accounts are those which have passed or are within 6 months of the end of the State statute of limitations.

Consolidation loans. The Higher Education Amendments of 1986 authorized a Consolidation Loan program under which long-term loans are made without need analysis to eligible borrowers. The purpose of these loans is to facilitate borrower repayment of multiple student loans and thus help reduce defaults. Borrowers must consolidate a minimum of $5,000 in federally insured and reinsured Stafford loans, Perkins (formerly NDSL) loans, SLS, PLUS loans made to students prior to enactment of the SLS program, and Health Professions Student Loans. The interest rate is the greater of 9 percent or the weighted average of the interest rates of the loans discharged by consolidation, rounded to the nearest whole percent. The Federal Government does not pay in-school, grace or deferment period interest on Consolidation loans. The borrower is responsible for his/her own interest payments during these periods. Repayment of principal begins within 60 days after all loans selected for consolidation have been discharged unless the borrower is eligible for deferment. No origination fee is assessed.

Guaranteed Student Loans

1. Stafford loan program

Accomplishments

Through the provision of interest subsidies and loan insurance and reinsurance, 42 million low-interest loans have been made by over 13,000 banks and other lenders since the inception of the program. These subsidies have reduced the cost of borrowing for students and parents in meeting the costs of education or training at approximately 9,000 participating universities, colleges and vocational schools. In 1989, over $8.4 billion in Stafford loans were disbursed to 3.2 million students. Guarantee agencies now operate in all 50 States, American Samoa, the District of Columbia, Guam, the Northern Mariana Islands, Puerto Rico, the Trust Territory of the Pacific Islands and the Virgin Islands.

Receipts from collections on defaulted loans (both FISL collections and guarantee agency reimbursements) are estimated to increase from $539 million in 1989 to $590 million in 1990. This increase is attributable to continuing and expanding collection activities, as well as the continuing increase in outstanding defaults.

Regulation Measures to Reduce Defaults

The Department is pursuing a variety of regulatory measures to reduce defaults and improve collections. In June of 1989, the Department published final regulations which include the following default reduction provisions:

Provision	Effective Date
Require schools with default rates above 30% to delay certification and disbursement for first-time borrowers	10/1/89
Authorize the Secretary to impose individual default management plans that address causes of default at a particular school (for schools with default rates over 20%)	8/22/89. So far, 1,177 of the 1,182 schools with default rates over 20 percent have submitted default management plans, and 419 of the plans have been approved. All 1,182 schools are expected to have approved plans by May 1990.

Guaranteed Student Loans

1. Stafford loan program

Accomplishments — Continued

Provision	Effective Date
Require all schools to provide entrance counseling to first-time borrowers	8/22/89
Increase guarantee agency program reviews of schools	7/20/89
Require all schools that offer an undergraduate nonbaccalaureate vocational training program to compile and disclose consumer information, including program completion and job placement data, to all prospective students	12/1/89 (i.e., for loans certified for periods of enrollment beginning on or after 12/1/89)
Require lenders to keep schools informed of borrowers' delinquent status	12/5/89
Require schools with default rates above 30% to use a pro-rata tuition refund policy	6/5/90 (regulatory effective date superseded by the 1990 Appropriation Act; new effective date, 10/1/89)
Authorize the Secretary to initiate Limitation/Suspension/Termination (LST) proceedings if a school's default rate is above 60%	1/1/91
Authorize the Secretary to initiate LST proceedings if a school with a default rate above 40% does not reduce its rate by 5 percentage points per year, until the rate decreases to below 40%	1/1/91

Guaranteed Student Loans

1. Stafford loan program

Accomplishments — Continued

In addition to the final regulations, the Secretary is proposing two new regulatory policies for public comment: A requirement that a nonbaccalaureate vocational school must make arrangements with another school to "teach out" any students of the first school if it closes; and a requirement that borrowers be notified if their loans are purchased and payments have to be delivered to a new address. Final regulations should be issued by March 1990.

Collection Improvement Measures

The Department is also pursuing a variety of administrative measures to improve collections on defaulted loans. Among these are:

-- Due Diligence Enforcement. The Department monitors and enforces "due diligence" regulations (published in 1986) which established minimum lender and guarantee agency collection effort requirements.

-- Credit Bureau Reporting. ED continues to report ED-held defaults to consumer credit bureaus in order to affect adversely a defaulter's ability to obtain credit financing until satisfactory repayment arrangements are made.

-- Federal Employee Match. Since the Federal employee salary offset program was authorized in 1982, more than 60,000 Federal employees have been identified and sent notices to repay defaulted student loans. Cumulative collections resulting from the Federal salary offset program total over $32 million. Federal agencies have implemented screening procedures to prevent student loan defaulters from being hired without having entered into repayment agreements.

-- IRS Offsets. The IRS offset of defaulters' Federal tax refunds has resulted in over $637 million in collections from fiscal year 1986 through fiscal year 1989 on approximately 1.2 million accounts.

-- Referrals to Justice. ED continues to refer delinquent debt to the Justice Department for litigation. Cumulative collections on these accounts total an estimated $41 million. In fiscal year 1989, collections totaled $11 million.

-- Private Collection Services. ED has expanded contracts with private sector collection services to collect on ED-held defaults. New collection contracts were awarded in December 1989.

Guaranteed Student Loans

1. Stafford loan program

Accomplishments — Continued

— **Write-off Treatment. ED has improved write-off policies and procedures to ensure that two steps are completed — write-off and close out. Accounts that are deemed uncollectable are written off for accounting purposes, but remain active for possible subsequent offset against future benefits, refunds or other Federal payments. Accounts are not closed out until the debt is 10 years old to the Federal Government (the statute of limitations for the IRS offset is 10 years). Closed out accounts are considered as taxable income of the borrower, resulting in an increased tax liability.**

1991 Budget Proposal

Gross obligations of $3.550 billion are expected to be incurred in fiscal year 1991 for: interest benefits; special allowances; default claims; related contract collection costs; and death, disability and bankruptcy claims. This compares with an expected $4.221 billion in total obligations for 1990. The difference is primarily due to a projected reduction in 91-day Treasury bill rates.

The Department proposes several changes to the Stafford loan program that are designed to reduce the loan default rate. The gross default rate for all Guaranteed Student Loans is expected to increase from 14.2 percent in fiscal year 1989 to 15.4 percent in fiscal year 1991. This unacceptably high default rate will require American taxpayers to pay more than $2 billion in fiscal year 1991 to cover defaults on loans. These excessive costs threaten to undermine public confidence in the loan programs.

Many of the Department's legislative initiatives are designed to reduce the incidence of defaults. These initiatives, which also affect PLUS and SLS loans, are discussed in the Account Summary. Those default reduction proposals discussed in the summary that require legislative changes include the following:

--Reducing guarantee agency reinsurance to a 90% flat rate;

--Increasing reinsurance fee rate to 0.5%;

--Delaying disbursements of first-time borrowers;

--Prohibiting commissions for recruiting and admitting activities;

Guaranteed Student Loans

1. Stafford loan program

1991 Budget Proposal — Continued

—Requiring credit checks on certain borrowers;

—Requiring lenders to offer graduated repayment options;

—Allowing guarantee agency wage garnishment; and

—Tightening ability-to-benefit provisions.

Impact Data

Insured and Reinsured Loan Program Measures
(dollars in millions)

	Estimates		
	1989	1990	1991 1/
Annual new loan volume	$8,431	$8,769	$9,119
Default claims paid	1,665	1,660	1,699
Receipts from default collections	539	590	676

1/ Reflects legislative changes proposed for later transmittal.

Net Savings to the Activity Resulting from Proposed Policy
(dollars in millions)

	1991	1992	1993	1994	1995
All Policies Combined	$44	$118	$171	$227	$282

2. SLS loan program
(Higher Education Act, Title IV, Part B)

1991 Authorization: Indefinite

Obligations:

	1990	1991 1/	Increase or Decrease
Insurance costs:			
Default claims.........	$310,588,000	$265,884,000	-$44,704,000
Death, disability and bankruptcy claims.....	1,558,000	1,560,000	+2,000
Subtotal.............	312,146,000	$267,444,000	-44,702,000
Guarantee agency subsidies:			
Administrative cost allowances to guarantee agencies....	16,070,000	14,248,000	-1,822,000
Supplemental preclaims assistance............	722,000	619,000	-103,000
Subtotal.............	16,792,000	14,867,000	-1,925,000
Collection costs			
Contract collection costs..................	95,000	388,000	+293,000
Total SLS obligations.......	329,033,000	282,699,000	-46,334,000

1/ Reflects legislative changes proposed for later transmittal.

Purpose and Method of Operation

SLS loans are made to undergraduate and graduate and professional students. SLS loans have an annual limit of $4,000, except for students who have not successfully completed their first year and who are not enrolled full-time for a complete academic year. For these students, the annual limit is $2,500 for a student who is enrolled for at least two-thirds of an academic year, and $1,500 for a student who is enrolled for at least one-third of an academic year. SLS loans have a cumulative limit of $20,000. There is no need analysis requirement, although borrowing cannot exceed cost of attendance minus other aid. Repayment of loan principal begins within 60 days of disbursement unless the borrower is eligible for deferment. For any award year (July 1 - June 30), the borrower's interest rate is the lesser of 12 percent or the average 52-week Treasury bill rate for the 12 months preceding June 1 of the prior award year plus 3.25 percentage points. The Federal Government does not pay the interest during in-school, grace or deferment periods. No origination fee is assessed.

Purpose and Method of Operation — Continued

Implicit interest subsidies. Although SLS loans are less subsidized than Stafford loans, the current interest rate applicable to SLS loans (based on the preceding year's 52-week Treasury bill rate plus 3.25 percentage points) is 12 percent, which is still lower than market interest rates on loans which would have similar terms and conditions.

Special allowance. The purpose of a special allowance is to provide lenders a yield adequate to assure lender participation. This supplemental interest payment to lenders is made only when the borrower's interest rate (52-week Treasury bill rate plus 3.25 percentage points) exceeds 12 percent. Under this condition, these quarterly payments to lenders (based on outstanding loan volume) assure that, when added to the borrower's interest, the lender receives a total variable yield equal to the quarterly average of 91-day Treasury bill rates plus 3.25 percentage points. Because Treasury bill rates are expected to remain below 8.75 percent in 1990 through 1995, no special allowance payments to lenders are projected under current law.

Insurance costs. These costs promote the availability of SLS loans for postsecondary education by providing Federal reinsurance to participating State and private nonprofit guarantee agencies for up to 100 percent of their losses in insuring commercial banks and other lenders against borrower default on SLS loans. Based on annual default claim experience, an agency's reinsurance rate can drop to 90 or 80 percent. The Department of Education also reimburses guarantee agencies for 100 percent of their losses due to borrower death, disability and bankruptcy.

Debt collection. The guarantee agencies promote lender participation and provide various services to lenders. They must also require collection diligence on the part of lenders as a condition of paying default claims. Once a claim has been paid to a lender, the guarantee agencies attempt to collect on defaulted accounts. They return to the Secretary about 70 percent of their collections, depending upon the level of Federal reinsurance and the percentage retained to meet administrative expenses (by statute, 30 or 35 percent of collections may be retained for this purpose).

Purpose and Method of Operation -- Continued

Since fiscal year 1988, the Department has mandated the assignment of defaulted accounts from guarantee agencies to the Department for Federal employee salary offset; and for a study comparing guarantee agency and Department collection performance. Guarantee agencies are also required, as of fiscal year 1989, to turn over to the Department defaulted accounts that have passed or are within 6 months of the State statute of limitations ("aged" accounts).

Omnibus Budget Reconciliation Act of 1989

The Department anticipates that the 1989 Reconciliation Act (P.L. 101-239) will significantly reduce SLS loan volume and default costs due to the following provisions:

- Undergraduate students are prohibited from borrowing SLS funds if enrolled at an institution with a cohort default rate of 30 percent or higher.
- The maximum annual loan limit is reduced for students who have not successfully completed their first year and who are not enrolled full-time for a complete academic year.
- "Ability-to-benefit" students are not eligible for the SLS program until they obtain a GED or equivalent. In order to participate in title IV programs, any institution which admits students on the basis of their ability to benefit is required to make available to each student a program proven successful in assisting students in obtaining a certificate of high school equivalency.
- An institution is required to delay disbursement for first-year undergraduate students of any SLS loan proceeds until 30 days after the borrower begins a course of study.

New SLS loan volume is expected to decline from $1.8 billion in 1989 to $1.4 billion in 1990 as a result of these provisions (see Impact Data section).

Accomplishments

The Department is pursuing a variety of regulatory measures to reduce defaults. In June 1989, the Department published final regulations which include several default reduction provisions that apply to Stafford and SLS loans. These provisions are discussed in detail in the Accomplishments section for the Stafford Loan program.

Accomplishments — Continued

The SLS reinsurance program has successfully promoted the availability of SLS loans for 1.8 million students. In fiscal year 1989, over $1.8 billion in SLS loans were disbursed to 676,000 students. Guarantee agencies now operate the SLS loan program in all 50 States, American Samoa, the District of Columbia, Guam, the Northern Mariana Islands, Puerto Rico, the Trust Territory of the Pacific Islands and the Virgin Islands.

1991 Budget Proposal

Gross loan obligations of $283 million are expected for the SLS program in fiscal year 1991. This is a decrease of $46.3 million from the expected fiscal year 1990 level of $329 million. SLS net obligations, which reflect collections and other receipts, are expected to decrease from $283.3 million in 1990 to $233.2 million in 1991.

In order to increase default risk-sharing with guarantee agencies and to reduce default costs by modifying lender practices, the Department is seeking the following legislative amendments for the SLS, PLUS and Stafford Loan programs:

- Reduced reinsurance: In order to stimulate greater collection diligence by guarantee agencies, the Federal reinsurance of default claims by guarantee agencies would be reduced to a flat 90 percent rate from the current 100/90/80 percent sliding scale each year. In addition, this proposal would stimulate guarantee agencies to enforce lender due diligence. Also, the Department would apply a flat reinsurance fee rate of 0.5 percent to all new loans.
- Credit checks: To prevent defaults by individuals who have already demonstrated a lack of credit-worthiness, lenders would be required to check the credit histories of all Guaranteed Student Loan applicants who are age 21 and older. Applicants with poor credit would be required to obtain a credit-worthy co-signer.

Guaranteed Student Loans

2. SLS loan program

1991 Budget Proposal -- Continued

- Graduated repayment options to borrowers: Lenders would be required to offer optional graduated repayment schedules to all Stafford and SLS borrowers prior to commencement of repayment. The schedules would provide for the repayment of only accrued interest during the first year of repayment and would require the borrower to resume repayment, on an equal installment basis, after the fourth year of repayment, so that the 10-year statutory maximum period would not be extended.

The other proposed Guaranteed Student Loan program improvements discussed in the Account Summary would apply to the SLS program.

Impact Data

SLS Loan Program Measures
(dollars in millions)

		Estimates	
	1989	1990	1991 1/
Annual new SLS volume	$1,817	$1,368	$1,237
Default claims paid	204	311	266
Receipts from default collections	24	40	42

1/ Reflects legislative changes proposed for later transmittal.

Net Savings to this Activity Resulting from Proposed Policy
(dollars in million)

	1991	1992	1993	1994	1995
All Policies Combined	$3	$7	$13	$23	$28

3. PLUS loan program
(Higher Education Act, Title IV, Part B)

1991 Authorization: Indefinite

Obligations:

	1990	1991 1/	Increase or Decrease
Insurance costs:			
Default claims..........	$52,622,000	$56,673,000	+$4,051,000
Death, disability and bankruptcy claims......	2,962,000	2,965,000	+3,000
Subtotal..............	55,584,000	59,638,000	+4,054,000
Guarantee agency subsidies:			
Administrative cost allowances to guarantee agencies.....	9,043,000	10,143,000	+1,100,000
Supplemental preclaims assistance.............	122,000	132,000	+10,000
Subtotal..............	9,165,000	10,275,000	+1,110,000
Collection costs			
Contract collection costs..................	20,000	80,000	+60,000
Total PLUS obligations.........	64,769,000	69,993,000	+5,224,000

1/ Reflects legislative changes proposed for later transmittal.

Purpose and Method of Operation

PLUS loans are made to parents of dependent students. PLUS loans have an annual limit of $4,000 and a cumulative limit of $20,000. There is no need analysis requirement, although borrowing cannot exceed cost of attendance minus other aid. Repayment of loan principal begins within 60 days of disbursement unless the borrower is eligible for deferment. For any award year (July 1 - June 30), the borrower's interest rate is the lesser of 12 percent or the average 52-week Treasury bill rate for the 12 months preceding June 1 of the prior award year plus 3.25 percentage points. The Federal Government does not pay the interest during in-school, grace or deferment periods. No origination fee is assessed.

Purpose and Method of Operation — Continued

Implicit interest subsidies. Although PLUS loans are less subsidized than Stafford loans, the current interest rate applicable to PLUS loans (based on the preceding year's 52-week Treasury bill rate plus 3.25 percentage points) is 12 percent, which is still lower than market interest rates on loans which would have similar terms and conditions.

Special allowance. The purpose of a special allowance is to provide lenders with a yield adequate to assure lender participation. This supplemental interest payment to lenders is made only when the borrower's interest rate (52-week Treasury bill rate plus 3.25 percentage points) exceeds 12 percent. Under this condition, these quarterly payments to lenders (based on outstanding loan volume) assure that, when added to the borrower's interest, the lender receives a total variable yield equal to the quarterly average of 91-day Treasury bill rates plus 3.25 percentage points. Because Treasury bill rates are expected to remain below 8.75 percent in 1990 through 1995, no special allowance payments to lenders are projected under current law.

Insurance costs. These costs promote the availability of PLUS loans for postsecondary education by providing Federal reinsurance to participating State and private nonprofit guarantee agencies for up to 100 percent of their losses in insuring commercial banks and other lenders against borrower default on PLUS loans. Based on annual default claim experience, an agency's reinsurance rate can drop to 90 or 80 percent. The Department of Education also reimburses guarantee agencies for 100 percent of their losses due to borrower death, disability and bankruptcy.

Accomplishments

The PLUS reinsurance program has successfully promoted the availability of PLUS loans for the parents of 878,000 undergraduate students. In fiscal year 1989, over $689 million in PLUS loans were disbursed to 218,000 parents. Guarantee agencies now operate the PLUS loan program in all 50 States, American Samoa, the District of Columbia, Guam, the Northern Mariana Islands, Puerto Rico, the Trust Territory of the Pacific Islands and the Virgin Islands.

1991 Budget Proposal

Gross loan obligations of $70 million are expected for the PLUS program in fiscal year 1991. This is an increase of $5.2 million from the expected fiscal year 1990 level of $64.8 million. PLUS net obligations, which reflect collections and other receipts, are expected to increase from $54.1 million in 1990 to $54.8 million in 1991.

1991 Budget Proposal — Continued

In order to increase default risk-sharing with guarantee agencies and to prevent defaults, the Department is seeking the following legislative amendments for the PLUS, SLS, and Stafford loan programs:

- o Reduced reinsurance: In order to stimulate greater collection diligence by guarantee agencies, the Federal reinsurance of default claims by guarantee agencies would be reduced to a flat 90 percent rate. Also, the Department would apply a flat reinsurance fee rate of 0.5 percent to all loans.

- o Credit checks: To prevent defaults by individuals who have already demonstrated a lack of credit-worthiness, lenders would be required to check the credit histories of all Guaranteed Student Loan applicants who are age 21 and older. Applicants with poor credit would be required to obtain a credit-worthy co-signer.

The other proposed Guaranteed Student Loan program improvements discussed in the Account Summary would also apply to the PLUS program.

Impact Data

PLUS Loan Program Measures
(dollars in millions)

		Estimates	
	1989	1990	1991 1/
Annual new PLUS volume	$689	$827	$951
Default claims paid	42	53	57
Receipts from default collections	6	8	10

1/ Reflects legislative changes proposed for later transmittal.

Guaranteed Student Loans

3. PLUS loan program

Impact Data — Continued

Net Savings to this Activity Resulting from Proposed Policy
(dollars in million)

	1991	1992	1993	1994	1995
All Policies Combined	$2	$4	$8	$14	$17

TUESDAY, FEBRUARY 27, 1990.

HIGHER EDUCATION AND POSTSECONDARY FACILITIES

WITNESSES

LEONARD L. HAYNES, III, ASSISTANT SECRETARY FOR POSTSECONDARY EDUCATION

JOHN B. CHILDERS, DEPUTY ASSISTANT SECRETARY FOR HIGHER EDUCATION PROGRAMS, OFFICE OF POSTSECONDARY EDUCATION

SALLY KIRKGASLER, DIRECTOR, POLICY DEVELOPMENT STAFF, OFFICE OF POSTSECONDARY EDUCATION

SALLY H. CHRISTENSEN, DIRECTOR, BUDGET SERVICE, OFFICE OF PLANNING, BUDGET AND EVALUATION

ROBERT DAVIDSON, DIRECTOR, POSTSECONDARY ANALYSIS DIVISION, BUDGET SERVICE, OFFICE OF PLANNING, BUDGET AND EVALUATION

Mr. NATCHER. Now we take up the Higher Education and Postsecondary Facilities requests. We again have before the committee Dr. Haynes.

Dr. Haynes, before you give us your statement, tell us who you have with you there at the table.

Mr. HAYNES. Mr. Chairman and Members of the committee, we have to my far left Mr. John B. Childers, Deputy Assistant Secretary for Higher Education Programs, Office of Postsecondary Education; Sally Kirkgasler, Director, Policy Development Staff, Office of Postsecondary Education; Sally H. Christensen, Director, Budget Service, Office of Planning, Budget and Evaluation; and Robert Davidson, Director, Postsecondary Analysis Division, Budget Service, Office of Planning, Budget and Evaluation.

Mr. NATCHER. Now, Dr. Haynes, we will be pleased to hear from you.

Mr. HAYNES. Thank you, Mr. Chairman.

With your permission, I will summarize my statement and request that the full text be entered into the record.

Mr. NATCHER. It is so ordered.

Mr. HAYNES. The request for fiscal year 1991 for this budget is $657,700,000 for higher education, and $8,400,000 in appropriations and $5,000,000 in new borrowing authority in College Housing and Academic Facilities Loans. No funds are requested for Higher Education Facilities Loans and College Housing Loans. The request also includes a 1990 language supplemental to transfer $5,000,000 from Title III, Part C Endowment Grants to HBCU Endowment Grants.

Our fiscal year 1991 budget request reflects the Administration's commitment to meeting the postsecondary education aspirations of poor and disadvantaged individuals. To meet this commitment, we propose to increase significantly Federal support for programs that promote educational opportunities for disadvantaged individuals.

Specifically, we propose to target funds to those activities that assist historically black colleges and universities in their mission of servicing disadvantaged and minority students and that provide support services and financial assistance for these students at both the undergraduate and graduate levels.

In addition, we propose significant funding to stimulate excellence and quality in postsecondary education, to meet mandatory interest subsidy costs of construction loan commitments made in prior years, and to provide limited new loan capital to meet critical construction needs.

The Higher Education account has historically funded a number of small programs which are overly narrow in scope, have already demonstrated the effectiveness of a particular educational approach, or which duplicate other programs. We have proposed to phaseout a number of these programs over the next several years. Other programs have been proposed for elimination in fiscal year 1991.

TITLE III

Our fiscal year 1991 request includes $214,900,000 for Title III of the Higher Education Act, which provides support for institutional development and endowment building. These programs help institutions that enroll substantial numbers of disadvantaged individuals. Consistent with the initiatives President Bush proposed in the "Educational Excellence Act of 1989," the 1991 request contains an important new initiative setting aside $15,000,000 for Part C endowment grants for historically black colleges and universities (HBCUs). In addition, we are requesting a 1990 language supplemental to transfer $5,000,000 from Part C Endowment Grants to the HBCU Endowment Grants.

From their inception, the programs authorized under Title III have played a key role in assisting the Nation's historically black colleges and universities. These institutions were the primary source of postsecondary education for blacks prior to the Supreme Court's desegregation ruling, and they continue to play an important role in providing access to educational opportunities for students from socioeconomically disadvantaged backgrounds. Because of student preference, location, low tuition, and institutional mission, HBCUs continue to enroll a disproportionate number of minority and low-income students. These institutions enroll one in five blacks attending college today and award more than 30 percent of all bachelor's degrees to blacks. In recognition of the critical role that these institutions play in our Nation's system of higher education, we are requesting $110,400,000 for HBCUs under Parts B and C of Title III. The request includes $83,900,000 under the Part B formula grant program, $11,400,000 for the five historically black graduate institutions and $15,000,000 for endowment grants to HBCUs.

The budget request for Title III also includes $86,600,000, an increase of $3,700,000, for new and non-competing continuation grants under the Strengthening Institutions program—Part A. The institutions served by this program, like HBCUs, provide access to higher education for many low-income and minority students. Federal funds are used to help participating institutions enhance institutional effectiveness by stabilizing their management and fiscal operations, developing and expanding their academic programs and faculty, and by providing student services.

Also requested is $17,900,000 for the general endowment grant program. This request would enable institutions participating in the other Title III programs to build endowments so that they can become financially independent and no longer need Federal assistance under Title III to operate.

MINORITY SCIENCE IMPROVEMENT PROGRAM

Closely related to the Title III program is the Minority Science Improvement program, MSIP, for which we request $5,600,000 for fiscal year 1991, an increase of $217,000, or 4 percent, over the 1990 appropriation. The program provides grant assistance to enhance the capacity of minority institutions to develop and maintain quality science education programs, and to increase the flow of underrepresented minorities into the fields of science, math, and engineering.

TRIO

The Special Programs for the Disadvantaged, commonly referred to as the TRIO programs, provide services to promote access to and retention in postsecondary education for disadvantaged persons. Our request for these programs in fiscal year 1991 is $269,700,000, which is an increase of $28,000,000, or 11.5 percent, over the 1990 appropriation. We are requesting support for all six of the currently funded programs under the TRIO authority—Student Support Services, Upward Bound, Talent Search, Education Opportunity Centers, EOCs, Ronald McNair Post-baccalaureate Achievement program, and Staff Training. These programs complement the financial assistance available to disadvantaged students by providing services to identify, motivate, and assist them in developing the necessary skills to complete high school, and enter and complete postsecondary and graduate education.

Our TRIO request also includes $1,000,000 to complete evaluations of the two largest programs: Upward Bound and Student Support Services. These evaluations will ensure that federal funds are used effectively and assist as many students as possible.

SCHOOL, COLLEGE AND UNIVERSITY PARTNERSHIPS

We are requesting $2,960,000 for the School, College and University Partnerships program which encourages partnerships between institutions of higher education and secondary schools serving low-income students and supports projects that improve the academic skills of students.

STUDENT LITERACY CORPS

Funds are also sought for the Student Literacy Corps. This program, first funded in fiscal year 1989, is intended to promote the development of literacy corps programs at institutions of higher education. Under this program, institutions receive up to $50,000 to pay administrative costs and stipends for student coordinators. Participating undergraduate students receive academic credit for courses which require that they tutor a minimum of 6 hours per week at public community agencies servicing educationally or economically disadvantaged students. Our request for this program is $5,042,000, the same as provided in fiscal year 1990.

GRADUATE PROGRAMS

Support is sought for a number of programs to encourage graduate and professional study, particularly among minority and disadvantaged students. These programs include Patricia Roberts Harris Graduate Fellowships, Minority Participation in Graduate Education, Graduate Assistance in Areas of National Need, and Legal Training for the Disadvantaged. These four programs, for which a total of $51,900,000 is requested, enable low-income and underrepresented college students to pursue graduate or professional study by providing support services and targeted financial assistance. This is $14,100,000 more than was provided for these programs in fiscal 1990, an increase of 37 percent. Much of the requested increase, $9,700,000, is for Graduate Assistance in Areas of National Need, which promotes graduate study for students of superior ability who are currently studying in the areas of chemistry, engineering, mathematics and physics.

UNDERGRADUATE SCHOLARSHIP PROGRAM

We are also seeking support for three programs for gifted high school students seeking access to postsecondary education. The first of these programs, for which $5,000,000 is requested, is the National Science Scholars program. This program would encourage achievement in the sciences by providing scholarships to graduating high school students who have excelled in the sciences, mathematics, and engineering, and who will continue their undergraduate studies in these disciplines. This program was first proposed by President Bush in February 1989 and was later incorporated into the "Educational Excellence Act" transmitted to Congress in April 1989.

We are also requesting funds for the Robert C. Byrd Honors Scholarships and the Paul Douglas Teacher Scholarships programs. These programs are designed to recognize high school students who have demonstrated outstanding academic achievement and show promise of continued academic success. They provide financial assistance to encourage these students to attend college. In addition, Paul Douglas Teacher Scholarships encourage high school students to pursue teaching careers in elementary and secondary education. We are requesting $23,500,000 for these programs for fiscal year 1991, the same as provided in fiscal year 1990.

We believe that the Federal Government can play a key leadership role in improving the quality of offerings at institutions of higher education. To support this role, we propose to fund two programs—the Fund for the Improvement of Postsecondary Education and International Education.

FUND FOR THE IMPROVEMENT OF POSTSECONDARY EDUCATION

For the Fund for the Improvement of Postsecondary Education, a total of $11,702,000 is requested, which is the same as the fiscal year 1990 appropriation. This funding has proven very beneficial in stimulating improvements in the quality of higher education without intruding on institutional prerogatives.

INTERNATIONAL EDUCATION

Reflecting the Administration's desire to enhance awareness of the trends toward democracy, dominant in Eastern Europe but prevalent world wide, we are continuing our support of the International Education programs. The International Education programs provide for a number of different activities which strive to improve the quality of foreign language and area studies instruction in schools and colleges in the United States. In addition, these programs help fulfill significant trade, diplomatic, and security needs of the United States and foster cultural understanding, by strengthening and broadening scholarly expertise in foreign language, area studies, and international issues. For these programs, we are requesting $39,800,000 for fiscal year 1991, the same as provided in fiscal year 1990.

COLLEGE HOUSING AND ACADEMIC FACILITIES

In addition to the programs discussed above, we are requesting support for two facilities programs: Interest Subsidy Grants—in the Higher Education account and College Housing and Academic Facilities Loans—in a separate account.

Under the Interest Subsidy Grants program, the Federal Government entered into agreements with institutions of higher education to help them construct academic facilities. These commitments were made between 1970 and 1973, and obligate the Department to pay the difference between 3 percent and the commercial lending rate at the time the loan commitments were made. Our request for this program is $20,900,000.

For the College Housing and Academic Facilities Loan account, we are requesting $5,000,000 in borrowing authority for new academic facilities loans and $8,400,000 in appropriations to pay interest costs on loans made in prior years. Our proposal to support new loans in 1991 begins the phase-out of this low-priority activity. Schools themselves will also gain better access to private capital for construction as the new College Construction Loan Insurance Association expands its operations. An appropriation of $8,400,000 is needed to pay interest to the Department of Treasury on prior-year loans, since the amount of interest paid by borrowers is less than the amount the Department must pay Treasury for capital borrowed to finance those loans.

No funds are currently needed for either the College Housing Loan or Higher Education Facilities Loan programs.

ELIMINATION OF PROGRAMS

The 1991 request proposes elimination of several programs in the Higher Education account. These programs have either fulfilled their original purpose, provide services available from other programs, or are fundamentally not a Federal responsibility. These programs are very low priority and should be eliminated to help reduce the Federal deficit and to focus Federal expenditures on more critical areas.

The Cooperative Education and Law School Clinical Experience programs have fulfilled their original purpose. These programs have demonstrated the soundness of cooperative education and clinical legal education. Furthermore, the effectiveness of these educational methodologies has been well-documented, many institutions provide such services without Federal funding, and the institutions would continue these programs without Federal support.

We propose to phase out two graduate education programs beginning in fiscal year 1991. These programs are the Jacob K. Javits Fellowship and the Patricia Roberts Harris Public Service Fellowships programs. Requests for both programs total $6,613,000 in fiscal year 1991 to cover the costs for continuing fellows, $4,560,000 less than in fiscal year 1990. These two programs duplicate a number of Federal and non-Federal graduate programs.

The Veterans' Education Outreach program has outlived its original purpose, which was to address the special educational needs of large numbers of returning Vietnam veterans. The few veterans now enrolled in institutions will find the services that they require already available through general counseling and support service programs. For this reason, no funds are requested for this program in fiscal year 1991.

UNFUNDED PROGRAMS

Finally, no funds are requested for Innovative Community Services, Assistance to Guam, and the Margaret Chase Smith Library Center. These are all non-essential and, therefore, low priority. Moreover, these activities are more properly the responsibility of colleges and universities, State and local governments, and private sector users and beneficiaries of higher education services.

Again, thank you for the opportunity to appear before you today in support of the budget request for the Higher Education and postsecondary facilities accounts. My colleagues and I will be happy to respond to any questions you may have.

[The information follows:]

DEPARTMENT OF EDUCATION

Statement by

Leonard L. Haynes III
Assistant Secretary for Postsecondary Education

on

Higher Education and Postsecondary Facilities

Mr. Chairman and Members of the Committee:

Thank you for the opportunity to present the fiscal year 1991 budget request for the Higher Education and the postsecondary facilities accounts which totals $671.1 million. This request is $12.4 million more than was appropriated for fiscal year 1990. The request for fiscal year 1991 by account is $657.7 million for Higher Education, and $8.4 million in appropriations and $5 million in new borrowing authority in College Housing and Academic Facilities Loans. No funds are requested for Higher Education Facilities Loans and College Housing Loans. The request also includes a 1990 supplemental to transfer $5 million from Title III, Part C Endowment Grants to HBCU Endowment Grants.

Our fiscal year 1991 budget request reflects the Administration's commitment to meeting the postsecondary education aspirations of poor and disadvantaged individuals. To meet this commitment, we propose to increase significantly Federal support for programs that promote educational opportunities for disadvantaged individuals. Specifically, we propose to target funds to those activities that assist historically black colleges and universities in their mission of serving disadvantaged and minority students and that provide support services and financial assistance for these students at both the undergraduate and graduate levels.

In addition, we propose significant funding to stimulate excellence and quality in postsecondary education, to meet mandatory interest subsidy costs of construction loan commitments made in prior years, and to provide limited new loan capital to meet critical construction needs.

The Higher Education account has historically funded a number of small programs which are overly narrow in scope, have already demonstrated the effectiveness of a particular educational approach, or which duplicate other programs. We have proposed to phase out a number of these programs over the next several years. Other programs have been proposed for elimination in fiscal year 1991.

Aid for Institutions

Our fiscal year 1991 request includes $214.9 million for Title III of the Higher Education Act, which provides support for institutional development and endowment building. These programs help institutions that enroll substantial numbers of disadvantaged individuals. Consistent with the initiatives President Bush proposed in the "Educational Excellence Act of 1989," the 1991 request contains an important new initiative setting aside $15 million for Part C endowment grants for historically black colleges and universities (HBCUs). In addition, we are requesting a 1990 supplemental to transfer $5 million from Part C Endowment Grants to the HBCU Endowment Grants.

From their inception, the programs authorized under Title III have played a key role in assisting the Nation's historically black colleges and universities. These institutions were the primary source of postsecondary education for blacks prior to the Supreme Court's desegregation ruling, and they continue to play an important role in providing access to educational opportunities for students from socio-economically disadvantaged backgrounds. Because of student preference, location, low tuition and institutional mission, HBCUs continue to enroll a disproportionate number of minority and low-income students. These institutions enroll one in five blacks attending college today and award more than 30 percent of all bachelor's degrees to blacks. In recognition of the critical role that these institutions play in our Nation's system of higher education, we are requesting $110.4 million for HBCUs under Parts B and C of Title III. The request includes $83.9 million under the Part B formula grant program, $11.4 million for the five historically black graduate institutions and $15 million for endowment grants to HBCUs.

The budget request for Title III also includes $86.6 million, an increase of $3.7 million, for new and non-competing continuation grants under the Strengthening Institutions program--Part A. The institutions served by this program, like HBCUs, provide access to higher education for many low-income and minority students. Federal funds are used to help participating institutions enhance institutional effectiveness by stabilizing their management and fiscal operations, developing and expanding their academic programs and faculty, and by providing student services.

Also requested is $17.9 million for the general endowment grant program. This request would enable institutions participating in the other Title III programs to build endowments so that they can become financially independent and no longer need Federal assistance under Title III to operate.

Closely related to the Title III program is the Minority Science Improvement program (MSIP) for which we request $5.6 million for fiscal year 1991, an increase of $217,000, or 4 percent, over the 1990 appropriation. The program provides grant assistance to enhance the capacity of minority institutions to develop and maintain quality science education programs, and to increase the flow of under-represented minorities into the fields of science, math, and engineering.

Aid to Students

The Special Programs for the Disadvantaged, commonly referred to as the TRIO programs, provide services to promote access to and retention in postsecondary education for disadvantaged persons. Our request for these programs in fiscal year 1991 is $269.7 million, which is an increase of $28 million, or 11.5 percent, over the 1990 appropriation. We are requesting support for all six of the currently funded programs under the TRIO authority--Student Support Services, Upward Bound, Talent Search, Education Opportunity Centers (EOCs), Ronald McNair Post-baccalaureate Achievement program, and Staff Training. These programs complement the financial assistance available to disadvantaged students by providing services to identify, motivate, and assist them in developing the necessary skills to complete high school, and enter and complete postsecondary and graduate education.

Our TRIO request also includes $1 million to complete evaluations of the two largest programs: Upward Bound and Student Support Services. These evaluations will ensure that Federal funds are used effectively and assist as many students as possible.

We are requesting $2.96 million for the School, College and University Partnerships program which encourages partnerships between institutions of higher education and secondary schools serving low-income students and supports projects that improve the academic skills of students.

Funds are also sought for Student Literacy Corps. This program, first funded in fiscal year 1989, is intended to promote the development of literacy corps programs at institutions of higher education. Under this program, institutions receive up to $50,000 to pay administrative costs and stipends for student coordinators. Participating undergraduate students receive academic credit for courses which require that they tutor a minimum of six hours per week at public community agencies serving educationally or economically disadvantaged students. Our request for this program is $5.0 million, the same as provided in fiscal year 1990.

Support is sought for a number of programs to encourage graduate and professional study, particularly among minority and disadvantaged students. These programs include Patricia Roberts Harris Graduate Fellowships, Minority Participation in Graduate Education, Graduate Assistance in Areas of National Need, and Legal Training for the Disadvantaged. These four programs, for which a total of $51.9 million is requested, help enable low-income and underrepresented college students pursue graduate or professional study by providing support services and targeted financial assistance. This is $14.1 million more than was provided for these programs in fiscal year 1990, an increase of 37 percent. Much of the requested increase, $9.7 million, is for Graduate Assistance in Areas of National Need, which promotes graduate study for students of superior ability who are currently studying in the in areas of chemistry, engineering, mathematics and physics. We are also seeking support for three programs for gifted high school students seeking access to postsecondary education. The first of these programs, for which $5 million is requested, is the National Science Scholars program. This program would encourage achievement in the sciences by providing scholarships to graduating high school students who have excelled in the sciences, mathematics, and engineering, and who will continue their undergraduate studies in these disciplines. This program was first proposed by President Bush in February 1989 and was later incorporated into the "Educational Excellence Act" transmitted to Congress in April 1989.

We are also requesting funds for the Robert C. Byrd Honors Scholarships and the Paul Douglas Teacher Scholarships programs. These programs are designed to recognize high school students who have demonstrated outstanding academic achievement and show promise of continued academic success. They provide financial assistance to encourage these students to attend college. In addition, Paul Douglas Teacher Scholarships encourage high school students to pursue teaching careers in elementary and secondary education. We are requesting $23.5 million for these programs for fiscal year 1991, the same as provided in fiscal year 1990.

Strengthening Quality of Postsecondary Education

We believe that the Federal Government can play a key leadership role in improving the quality of offerings at institutions of higher education. To support this role, we propose to fund two programs -- the Fund for the Improvement of Postsecondary Education and International Education.

For the Fund for the Improvement of Postsecondary Education, a total of $11.7 million is requested, which is the same as the fiscal year 1990 appropriation. This funding has proven very beneficial in stimulating improvements in the quality of higher education without intruding on institutional prerogatives.

Reflecting the Administration's desire to enhance awareness of the trends toward democracy, dominant in Eastern Europe but prevalent world wide, we are continuing our support of the International Education programs. The International Education programs provide for a number of different activities which strive to improve the quality of foreign language and area studies instruction in schools and colleges in the United States. In addition, these programs help fulfill significant trade, diplomatic, and security needs of the United States and foster cultural understanding, by strengthening and broadening scholarly expertise in foreign language, area studies, and international issues. For these programs, we are requesting $39.8 million for fiscal year 1991, the same as provided in fiscal year 1990.

Academic Facilities

In addition to the programs discussed above, we are requesting support for two facilities programs: Interest Subsidy Grants--in the Higher Education account and College Housing and Academic Facilities Loans--in a separate account.

Under the Interest Subsidy Grants program, the Federal Government entered into agreements with institutions of higher education to help them construct academic facilities. These commitments were made between 1970 and 1973, and obligate the Department to pay the difference between 3 percent and the commercial lending rate at the time the loan commitments were made. Our request for this program is $20.9 million.

For the College Housing and Academic Facilities Loans account, we are requesting $5 million in borrowing authority for new academic facilities loans and $8.4 million in appropriations to pay interest costs on loans made in prior years. Our proposal to support new loans in 1991 begins the phase-out of this low priority activity. Schools themselves will also gain better access to private capital for construction as the new College Construction Loan Insurance Association expands its operations. An appropriation of $8.4 million is needed to pay interest to the Department of Treasury on prior year loans, since the amount of interest paid by borrowers is less than the amount the Department must pay Treasury for capital borrowed to finance those loans.

No funds are currently needed for either the College Housing Loan or Higher Education Facilities Loan programs.

Other Higher Education Programs

The 1991 request proposes elimination of several programs in the Higher Education account. These program have either fulfilled their original purpose, provide services available from other programs, or are fundamentally not a Federal responsibility. These programs are very low priority and should be eliminated to help reduce the Federal deficit and to focus Federal expenditures on more critical areas.

The Cooperative Education and Law School Clinical Experience programs have fulfilled their original purposes. These programs have demonstrated the soundness of cooperative education and clinical legal education. Furthermore, the effectiveness of these educational methodologies has been well documented, many institutions provide such services without Federal funding, and the institutions would continue these programs without Federal support.

We propose to phase out two graduate education programs beginning in fiscal year 1991. These programs are the Jacob K. Javits Fellowship and the Patricia Roberts Harris Public Service Fellowships programs. Requests for both programs total $6.6 million in fiscal year 1991 to cover the costs for continuing fellows, $4.5 million less than in fiscal year 1990. These two programs duplicate a number of Federal and non-Federal graduate programs.

The Veterans' Education Outreach program has outlived its original purpose, which was to address the special educational needs of large numbers of returning Vietnam veterans. The few veterans now enrolled in institutions will find the services which they require already available through general counseling and support service programs. For this reason, no funds are requested for this program in fiscal year 1991.

Finally, no funds are requested for Innovative Community Services, Assistance to Guam, and the Margaret Chase Smith Library Center. These are all non-essential and, therefore, low priority. Moreover, these activities are more properly the responsibility of colleges and universities, State and local governments, and private sector users and beneficiaries of higher education services.

Again, thank you for the opportunity to appear before you today in support of the budget request for the Higher Education and postsecondary facilities accounts. My colleagues and I will be happy to respond to any questions you may have.

DEPARTMENT OF EDUCATION

Office of Postsecondary Education

Biographical Sketch

NAME : Leonard L. Haynes III

POSITION : Assistant Secretary for Postsecondary Education

BIRTHPLACE AND DATE : Boston, Massachusetts, January 26, 1947

EDUCATION : Southern University, B.A., History
Carnegie-Mellon University, M.A., American History
Ohio State University, Ph.D., Higher Education Administration

EXPERIENCE

1989 - Present : Assistant Secretary for Postsecondary Education, Department of Education

1988 - 1989 : Assistant Superintendent, Office of Academic Programs, Louisiana State Department of Education

1982 - 1985 : Executive Vice President and System Vice President for Academic Affairs, the Southern University System, Baton Rouge, Louisiana

1979 - 1982 : Director, Office for the Advancement of Public Black Colleges, Washington, D.C.

1976 - 1979 : Director, Desegregation Policy Studies Unit, Institute for Services to Education, Washington, D.C.

Honors and Awards : Outstanding Young Men of America, 1976; Department of Health, Education, and Welfare Fellowship, 1976; Who's Who in Washington, 1982; Black College Network Family Achievement Award, 1984

Mr. NATCHER. Thank you very much, Dr. Haynes. Now, Mr. Conte, I yield to you.

PELL GRANT SEQUESTER

Mr. CONTE. Mr. Haynes, I welcome you to the hearing. Your resume says you worked in Louisiana, I hope you can find a little Mardi Gras in Washington tonight. In the audience there are a number of students who are advocating financial assistance for universities in Massachusetts. I believe this is their tenth annual visit to Washington to pound the halls on behalf of student aid. Many of them are in college because of the assistance provided by the Federal Government.

It was Federal assistance—the G.I. bill—that allowed me to go to college after World War II. So, I have a feel for how important these student aid programs are.

Dr. Haynes, neither your supplemental or the 1991 request contains funding to replace the $66,000,000 shortfall caused by sequestering. Some 14,000 students will have their awards wiped out completely, and another 1,300,000 will have their awards cut by an average of $50.00.

Now, don't you think this should be fixed? I don't like sequester. I think it hits the good programs as well as the bad programs. Why should we fix the damage done by the sequester with a supplemental?

Mr. HAYNES. Mr. Conte, we were following the Gramm-Rudman law which you passed.

Mr. CONTE. Even so you can come up here with a supplemental. You are from Boston. You know how to do that.

Mr. HAYNES. Well, Louisiana does it too. We followed the law. Supplementals are just not in our language.

Ms. CHRISTENSEN. Mr. Conte, the Pell Grant program is not a true entitlement program.

Mr. CONTE. But they are going to try to make it a true entitlement program. If everything becomes an entitlement program pretty soon there won't be a need for an appropriations committee. Isn't that right, Mr. Chairman?

Mr. NATCHER. That is right.

Mr. CONTE. We need to do the right thing.

Ms. CHRISTENSEN. I just want to make the point that it took its rateable share among all discretionary programs in the total Federal Government.

It was about 1.4 percent across the board. That was the amount for this program. It was not treated any differently than any other discretionary program.

Mr. CONTE. The budget proposes very little new money for Pell Grants; only about $102,000,000 or a 2 percent increase. This serves some additional students and excludes others, but keeps the maximum grant at $2300. Why isn't it a priority of the department to provide enough of an increase in Pell Grant program to at least to keep up with inflation or the rise in college tuition?

Mr. HAYNES. Mr. Conte, your question is tilted to the issue of pricing. I don't believe it is the Federal role to keep pace with the pricing that happens in higher education.

I don't think we can. If you look at where costs are going, if the analysts are correct, by the year 2000—with 8 percent increase—it will be $9,800 for public institutions and $29,500 for private institutions.

I don't think the Federal role can keep pace when that increase occurs.

REQUEST TO OMB

Mr. CONTE. I disagree with you. You said my question was a question of pricing. I think it is a question of priorities. I think we have our priorities wrong. What was the Secretary's request to the Office of Management and Budget for the Pell Grants?

Mr. HAYNES. Mrs. Christensen.

Ms. CHRISTENSEN. Our request was $5,546,000,000, Mr. Conte, but this was based on a larger assumption of what we could have received at that time for 1990, for the 1990 budget. It was also assuming a larger maximum grant.

PELL GRANT SHORTFALL

Mr. CONTE. So, a lot of what you put in here will just go to cover the 1989 and 1990, shortfalls?

Ms. CHRISTENSEN. That is true. There are amounts for both of those shortfalls. I would say that our budget will provide for an increase of about 175,000 additional students in the Pell Grant program. I think that is an important point.

I think the more important point, though, is that, as the Secretary explained the other day, we do have an emphasis on elementary and secondary education programs in our budget. Just as we were talking to Mr. Purcell—we were discussing the goals statements earlier—the problem is that that is where all the tests, in subjects like geography, reading, and others indicate that there is such a deficiency in the performance of our students. We need to make a big push at that level to have them better prepared as they enter college.

That is reflected in our budget, too.

At the same time, we are certainly maintaining our commitment that every eligible student will have access to college education by maintaining the over $18,000,000,000 aid available level. They can get access to college through a combination of loans, grants and work/study, but the commitment is there along with the Department's emphasis on elementary and secondary education.

Mr. CONTE. What would it cost for each $100 increase in the Pell Grant program.

Ms. CHRISTENSEN. About $250,000,000 increase for each $100.

Mr. CONTE. Dr. Haynes, what happens if Congress doesn't honor the request to cover the $371,000,000 shortfall? Would the Department request a supplemental appropriations or again implement the deep linear reductions?

Mr. HAYNES. Mr. Conte, the Pell shortfall is $371,000,000. The GSL program appropriation request of $3,368,000,000 also includes a shortfall.

GUARANTEED STUDENT LOAN SHORTFALL

Mr. **Conte**. Is that shortfall included?

Mr. **Haynes**. Yes, sir. The shortfall in GSL is over $260,000,000.

Mr. **Conte**. There is a discrepancy between the budget and the justification. Somebody ought to see that.

Ms. **Kirkgasler**. I think there is confusion. The budget was laid out differently this year. You are correct, there is a confusion between the appropriation request and the contract authority.

Many of us have been confused.

Ms. **Christensen**. Mr. Conte, continuing, the Guaranteed Student Loan program operators under what we call contract authority, which means that since it is an entitlement program, whatever is required in a certain year; we are authorized to enter into obligations to incur those costs. When we run short of what has been appropriated we incur the obligations, but we have to request money in the next year to give us funds to liquidate or make the actual cash payments against those obligations that the Government has incurred.

In this year, for example, for the fiscal year 1991 request we have $260,000,000 carried over as shortfall from 1990. This amount is included in our appropriation request but the budget authority that is shown in the President's budget for each year reflects the actual cost of the program for that fiscal year. It reflects the true cost of the program. You have to net out those shortages carried over each year to calculate the amount we ask your committee to appropriate for the actual fiscal year costs.

I would be happy to insert for the record a simple table that shows what has happened over the last three years in order to provide a crosswalk between the appropriations and the budget authority.

[The information follows:]

GSL APPROPRIATIONS AND BUDGET AUTHORITY

[Dollars in thousands]

	1989	1990	1991[1]
Appropriation	$4,066,828	$3,826,314	$3,368,336
Adjustment to finance prior-year shortfall		−217,867	−260,379
Current-year shortfall	217,867	260,379	
Budget authority (contract authority)	4,284,695	3,868,826	3,107,957
Sequester		−12,482	
Adjusted budget authority	4,284,695	3,856,344	3,107,957

[1] Reflects legislative changes proposed for later transmittal.

Mr. **Conte**. Okay. I understand this figure for GSL is all based on the assumption of what the interest rate is going to be next year.

Ms. **Christensen**. That is right.

Mr. **Conte**. I am willing to bet you a good bottle of perfume for a good bottle of bourbon that you are wrong and you will be back for a supplemental.

Ms. **Christensen**. I would say that OMB's projections of interest rates have been very close.

Mr. CONTE. They have. I have to give them credit for that. I think the way I see the economy going and interest rates, they will be higher, not lower.

Ms. CHRISTENSEN. The first quarter of this year has come down.

STATE STUDENT INCENTIVE GRANTS

Mr. CONTE. State Student Incentive Grants help the states to provide grants and work-study opportunities to students. Perkins loans provide a campus based loan program to respond to the needs of individual students. Elimination of these programs, as proposed in the budget, would result in elimination of 305,000 awards to students. What happens to those 305,000 students who don't receive awards?

Mr. HAYNES. Mr. Conte, students who don't receive awards can participate in other financial aid programs.

Mr. CONTE. What other programs?

Mr. HAYNES. The States are going to continue their efforts. As a matter of fact, recent data indicate that State aid has gone up 12 percent.

Mr. CONTE. Not in my State. My State is fighting to stay alive.

Mr. HAYNES. But the majority of States have indicated that their State aid has gone up.

Mr. CONTE. What evidence do you have that States or colleges or the Federal Government or anyone will be able to fill the void, especially the State of your birthplace?

Mr. HAYNES. Mr. Conte, I refer here to a chart that was in the Chronicle of Higher Education, dated February 21, 1990. The chart reports the need-based assistance that the States are providing. It might be helpful, if this chart were entered into the record. It demonstrates that there are a number of States which have increased their aid dramatically.

Of course, I know that there are some States which are economically depressed, Louisiana included, that are not able to do as much.

I certainly think the attention on the part of State and Federal legislators and the constituents in those States are more sensitive to the need for the States to do more in the financing of higher education both in terms of student aid and institutional support.

SUPPLEMENTAL EDUCATIONAL OPPORTUNITY GRANTS

Mr. CONTE. Things in Massachusetts are so bad we are thinking about closing three colleges.

For SEOGs, another campus-based program, you have proposed level funding. Over the past ten years, SEOGs have only grown from $370,000,000 to $458,000,000, while Pell Grants have more than doubled from $2,400,000,000 to $4,800,000,000 in 1990.

What is so bad about campus-based programs, Dr. Haynes? Is a little bit of flexibility to meet the needs of individual students a bad thing?

Mr. HAYNES. Mr. Conte, are you asking whether flexibility is a bad thing?

Mr. CONTE. Yes, Is it a bad thing?

Ms. **Dunn**. No, Mr. Conte, the Secretary believes in flexibility. However, in the SEOG program, it is important to remember that even if it is level-funded, there will be more money available because of the increased institutional match.

It will go from 5 percent in 1989 to 10 percent in 1990 and to 15 percent in 1991. Therefore, we assume there will be more money available.

Mr. **Conte**. Have you factored in the new minimum wage bill passed by the Congress?

Ms. **Dunn**. That is in work-study. Yes, that has been factored in. Remember, a student may be working only to earn a certain amount of money. It is quite possible that if a student earns a set amount of money, the student would work fewer hours.

Mr. **Conte**. Mr. Chairman, you have been very kind to me. I have a lot more questions.

Thank you, Mr. Chairman.

Mr. **Natcher**. Yes.

ENDOWMENTS FOR HBCUS

Now, Dr. Haynes, would you explain if you will to the committee your proposed legislation regarding endowment funds for historically black colleges and universities? What do we have here, Dr. Haynes?

Mr. **Haynes**. Mr. Chairman, under the endowment program of Title III, we presently are providing eight grants. For 1991, we are providing 25. We are proposing an additional $15,000,000 to the HBCU endowment progam in 1991.

Mr. **Natcher**. This would require a change in the law?

Mr. **Haynes**. Yes, sir.

Mr. **Natcher**. If your supplemental is not approved, how will you spend the $5,000,000 which was provided for in the 1990 bill?

Mr. **Haynes**. Mr. Chairman, that $5,000,000 will go back into Part C for the regular endowment.

PROGRAMS RECOMMENDED FOR ELIMINATION

Mr. **Natcher**. The President's budget proposes to eliminate funding for several programs as you know. These include Cooperative Education, Law School Clinical Experience and Veterans Outreach. Can you tell us briefly why you believe Federal support should be terminated for these activities?

Mr. **Haynes**. Mr. Chairman, the Veterans Education Outreach program has outlived its original purpose which was of course to meet the needs of returning Vietnam veterans.

Since that time, the number of veterans has declined and those who are in need of help have available to them the Student Support Services programs that are included in TRIO, and other campus support and counseling programs.

The Cooperative Education and Law School Clinical Experience programs have, we feel, accomplished their purposes by demonstrating their effectiveness.

We note that across the country, more than one thousand institutions are supporting cooperative education programs.

COLLEGE HOUSING AND ACADEMIC FACILITIES

Mr. NATCHER. What is the current value of the portfolios held under each of the various college housing and academic facilities loan programs?

Mr. HAYNES. Mr. Chairman, in terms of loans outstanding at the end of fiscal year 1989, the college housing loans portfolio is $679,100,000, $103,500,000 for Higher Education Facilties Loans, and for College Housing and Academic Facilities Loans, $24,200,000.

Mr. NATCHER. Are there any plans to sell off these loans?

Mr. HAYNES. Yes, sir. The Department has proposed to repeal the prohibition on selling college housing loans and academic facilities loans, so that the loans could be sold in fiscal year 1991 to the extent that the Government's financial interests are best served. We plan to offer for sale if this goes through just over $400,000,000 in loans under the College Housing and Higher Education Facilities Loan accounts. If we sell this, we expect to realize a total of $236,500,000 from the sale, assuming current market conditions, or approximately 58 percent face value.

Mr. NATCHER. You say 58 percent?

Mr. HAYNES. Yes, sir.

Mr. NATCHER. Your statement refers to these loan programs as low priority activities. Why is the department so negative about these particular loans.

Mr. CHILDERS. Mr. Chairman, If I might.

Mr. NATCHER. Go right ahead.

Mr. CHILDERS. In general I believe the whole area of facilities has to be focused on by Federal agencies generally. It is not considered the highest priority at the present time given the amount of funds and the need for access and retention programs. It is, of course, an increasing concern generally with deteriorating facilities around the country but it is not considered one of our highest priorities.

COLLEGE CONSTRUCTION LOAN INSURANCE ASSOCIATION

Mr. NATCHER. What is the current situation with the new college construction loan insurance program known as Connie Lee? Are they financially solvent and still making loans?

Mr. CHILDERS. Mr. Chairman, Connie Lee is up and running. They received a pronouncement from the Treasury Department allowing them to process direct tax exempt bonds and insurance activities. This recent IRS decision will allow Connie Lee to expand its activities without the commitment of additional Federal funds.

Mr. NATCHER. What is the approximate amount of loans, in money, expected to be made in 1991? Can you give us some idea about the amount? Do you have any figure?

Ms. CHRISTENSEN. Do you mean under our budget request?

Mr. NATCHER. No. How much under Connie Lee?

Mr. HAYNES. We will have to get that information and supply it for the record.

[The information follows:]

CONNIE LEE INSURANCE ACTIVITY

The College Construction Loan Insurance Association estimates reinsuring $2.2 billion in debt during 1991. Neither Connie Lee nor the Department have specific estimates of direct insurance activity for 1991. However, Connie Lee's total insurance activity is expected to increase significantly once a triple A credit rating is obtained. Connie Lee projects that a total of $125 million in equity capital will be raised in fiscal year 1990 without any federal assistance. This should be sufficient to secure the issurance of a triple A credit rating for bonds that Connie Lee intends to insure directly in the direct insurance business.

Mr. CONTE. Mr. Chairman, Connie Lee is not running very fast.

Mr. DAVIDSON. In 1989, $1,500,000,000 was reinsured by Connie Lee. That is before Connie Lee was exempted from Section 149(b) of the IRS code. Now, they can provide direct insurance as well. So, they now believe that they can expand considerably beyond the $1,500,000,000 reinsured during 1989.

PH.D. APPLICANT SHORTAGE

Mr. NATCHER. The committee has been briefed on several studies about a shortfall in Ph.D. applicants. The latest was released by the Association of American Universities last month. What can you tell the committee about this issue as it relates to a potential shortage of faculty later in the 1990s?

Mr. HAYNES. Mr. Chairman, the Department has proposed to consolidate funding under stronger and more appropriate graduate assistance programs. This will certainly address the need to increase and expand the number of minorities and disadvantaged persons going into graduate education, especially in those disciplines designated high priority: math, science and engineering.

We are proposing to phase out the public service portion of the Patricia Harris program and the Jacob K. Javits program, because they are not geared toward assisting disadvantaged persons toward studying high-priority disciplines.

Mr. NATCHER. Does the Department agree that there will be a shortage of Ph.D.s?

Mr. HAYNES. Mr. Chairman, we have reviewed the same reports that you have. Indeed, as your question relates to minorities and disadvantaged persons, they are underrepresented across all disciplines. There will be some shortfalls, we think, in some disciplines, but non-Federal sources, as well as other Federal sources, are still available to assist students. The key is to get students to complete undergraduate education so that they can go on to graduate and professional schools. We have to do a better job there.

PHASE-OUT OF THE HARRIS PUBLIC SERVICE AND JAVITS PROGRAMS

Mr. NATCHER. Explain to the committee a little more in detail how this phase-out proposal will work for these two programs, the Javits and the Harris programs.

Mr. HAYNES. Mr. Chairman, what we would do under our proposal is that we would stop making new fellowship awards in fiscal year 1991 and only support continuation fellowships.

Mr. NATCHER. Mr. Conte, I yield to you.

TRIO

Mr. CONTE. I was delighted to see a proposed increase, $28,000,000, for the TRIO programs.

Dr. Haynes, tell us how this increase will be used.

Mr. HAYNES. Mr. Conte, the increases will help us address, in part, the dropout problem. In our new Talent Search initiative, we are reaching down to the seventh and eighth grade to promote persistence in education.

In Upward Bound, we are going to be able to target some resources on a math and science initiative to get more disadvantaged and minorities into those areas. Also, we will fund projects to promote articulation between two-year and four-year institutions, and we will provide a modest increase for the McNair program, for staff training, and for the Educational Opportunity Centers.

Mr. CONTE. I am very interested in this program, as is my good friend, Mr. Stokes. I think we get a lot from the TRIO program. Is everything on track for using $7 million provided in the FY 90 bill for funding the additional 25 Upward Bound programs?

Mr. HAYNES. Yes.

Mr. CHILDERS. The Office of Higher Education has processed the paperwork on that. It is in the final process of negotiation with the schools involved.

Mr. CONTE. I noticed you announced a new expansion of the Talent Search program in 1989 for the current dropout projects for high school students. Tell us how those fit in with the other dropout prevention plans.

Mr. HAYNES. Mr. Conte, as you know, across the country, we have a national dropout problem, especially as it relates to minorities and disadvantaged. Our proposal was to reach to the seventh and eighth grades. We felt by getting the TRIO effort complementing the dropout programs funded at secondary schools, we ought to be able to make a serious dent in dropout problems. We are trying to keep students in school so they can persist into postsecondary education.

Mr. CONTE. The grant announcement stated the funds were drawn from a discretionary account in the Staff Training for Professional Development programs. How big is that discretionary fund?

Mr. CHILDERS. I am not familiar with the grant announcement, sir, but the TRIO funds are fungible to a certain degree. I am not sure where that came from. I will supply that for the record.

Mr. CONTE. Sure, no problem.

[The information follows:]

TALENT SEARCH INITIATIVE

The funds for the Talent Search initiative did not come from a separate discretionary account. The funds came from the appropriation for the Special Programs for the Disadvantaged (TRIO). These funds are appropriated as a single line-item. As a result, the Department has considerable discretion in how to allocate funds among the various programs. After examining the need for funds in the other TRIO programs, the Department decided to use approximately $2.9 million of the $219.3 million appropriated for the TRIO programs to expand services under the Talent Search Program to 7th and 8th grade students.

INTERNATIONAL EDUCATION

Mr. CONTE. The 1990 bill provided up to $1,000,000 for critical language training centers. Similar language was put into the defense bill with the idea that it made sense to try to build an interagency set of resources for people who are familiar with the language and culture of the country critical to the interests of the United States. We were thinking mainly of China, and other parts of the world.

Can you give me an idea how the discussions have gone? Is there any hope for a cooperative relationship?

Mr. CHILDERS. I am very pleased to tell you, sir, that there have been discussions between our Center for International Education and the Defense Department. They have been very cooperative. There is a good spirit in DOD about this program.

After we have our competitions this year, we think DOD will help support those centers with their own money to help increase the overall level of support.

COOPERATIVE EDUCATION

Mr. CONTE. Speaking of cooperative relationships, can you give me some idea why cooperative education is zeroed out under the "kinder and gentler" budget? Clearly, colleges support programs out of their own pocket, but don't you continue to need funds to initiate new projects or improve or expand new projects?

I think if you are not expanding student aid, you would be in favor of programs that help students pay for their own education.

Mr. HAYNES. The Cooperative Education program has accomplished its purpose by demonstrating the effectiveness of providing kids with an opportunity to study and earn pay for related work.

Only 159 of these programs are Federally supported. Over one thousand of the Nation's postsecondary institutions have a cooperative education program, which they are supporting without Federal funds. We think it is a recognition of the benefits of this approach.

We think this is where the Federal leadership has succeeded in demonstrating an approach that works. Now, we can step away and it will be ongoing.

Mr. CONTE. Well, I disagree with you. Let's see what happens when we go to mark up. If we give you the money, I know you will handle it well.

Mr. HAYNES. Yes.

FIPSE

Mr. CONTE. One of the most lauded and least funded programs in the Department is the Fund For Improving Postsecondary Education. Funding has remained level at $11,000,000 in the eighties. Now things have gotten to the point where, two-thirds of all colleges and universities submit applications for 50 grants. That is a ratio of 35 applications for one grant award.

Isn't it time this program got an increase to allow its excellence to be more widely distributed?

Mr. HAYNES. Mr. Conte, you are correct, the FIPSE program is an outstanding program. It demonstrates that the appropriate use of Federal resources can maximize qualitative returns. The budget that was prepared keeps it at the same level, because we feel that it is working very, very well.

The key thing is to disseminate the results of this effort.

Ms. **Christensen**. Mr. Conte, I would add that of the FIPSE awards that have been funded, the average affects about 20 other institutions in its own area. Moreover, virtually all of those projects continue once the Federal funding expires.

So, we are getting a really big bang for the buck on those programs.

Mr. **Conte**. Isn't that another reason why we need a little more money?

Ms. **Christensen**. My point is, of course, that they are expanding, the benefits are being widely disseminated even without our own efforts.

Mr. **Conte**. I understand the Director of FIPSE is a former Williams College professor, right?

Mr. **Haynes**. Yes, sir.

Mr. **Conte**. Williams College is in my backyard, I don't know why you keep hiding him. Bring him up here. Let me take a look at him.

Mr. **Haynes**. Mr. Conte, if you want to see him, we will bring him up here.

Mr. **Conte**. Thank you.

Mr. **Natcher**. Mr. Stokes.

TITLE III, PART B

Mr. **Stokes**. Your budget request provides $83,000,000 for Part B of Title III—Aid to Historically Black Institutions. This amount is the same as the amount in the fiscal year 1990 budget. In light of the fact that your budget summary narrative states that the Department is including significant increases for programs providing assistance and services for those most in need, the disadvantaged, handicapped, minorities and needy college students, why would this program be an exception and not even receive an increase for inflation?

Mr. **Haynes**. Mr. Stokes, we are trying to help the institutions, especially the HBCU community, to become more self-sufficient. So, we are putting additional support into the endowment program. If you notice, the endowment program was increased. We have requested language to target that funding.

Mr. **Stokes**. Let's talk about the endowment program a little bit. You are requesting $15,000,000 to implement the endowment grant set-aside program for the HBCUs. This is the only increase for HBCUs in the budget.

However, the legislation needed to authorize the funding of this program, that is, the Excellence in Education Act, is still pending before Congress. Therefore, there would be no increase for the HBCUs unless this legislation is passed, isn't that correct?

Mr. **Haynes**. Yes, sir, no targeted support.

Ms. **Christensen**. Mr. Stokes, we do have a Senate bill now, and we are expecting the House to move very quickly in the near future on that Act. So, we are very optimistic that we will have the authorization for that.

Mr. **Stokes**. Let me ask you this: The HBCU program envisioned would be located in Part C of Title III, which authorizes the endowment grants, although not specifically to HBCUs. Part B of the

Title specifically relates to HBCUs. Why did the Administration request funding for this program in Part C and not Part B?

I ask this because the difference is that if the authorizing legislation is not enacted, then the funds, if appropriated, would remain in Part C.

Mr. CHILDERS. Yes, sir, that is correct, but HBCUs would be eligible to apply for endowment funds. It would just not be a guaranteed set-aside. They could still apply for those endowment funds next year.

Mr. STOKES. They could apply for them, right?

Mr. HAYNES. Yes, sir.

Ms. CHRISTENSEN. Mr. Stokes, even under our proposal, even if that legislation is put into effect, they would still be eligible to compete for the other regular endowment program.

Mr. STOKES. Yes, but they are not given any type of set-aside.

Ms. CHRISTENSEN. They would not get the set-aside, but when they submit their application, once the set-aside is used for HBCUs, you would go down the list and pick up the HBCUs beneath that. The point is that there is not just that set-aside available for HBCUs.

Mr. STOKES. Is it your feeling, Dr. Haynes, that HBCUs have reached the point of maturity where they do not need any consideration?

Mr. HAYNES. Mr. Stokes, we need to properly evaluate that. That has been one of my concerns. A number of HBCUs have been participants in the Title III programs for a number of years now. One of the issues that we have to look at is to what extent are the resources that we are providing enable HBCUs to make the kind of qualitative improvements that they choose to make.

I discussed this with the Deputy Assistant Secretary. We need to begin to look very quickly at evaluating the uses of the resources that we have, in terms of the Title III program.

Ms. CHRISTENSEN. It is also true, Mr. Stokes, that since 1981, our set-aside for HBCUs has grown from about $40,000,000 to $110,000,000 in our current budget. I am not saying we don't need to continue to look at it, but there has been a dramatic increase that shows the commitment for HBCUs.

HOWARD UNIVERSITY AND REAUTHORIZATION

Mr. STOKES. Let me ask you this, Dr. Haynes: You are aware that the Department of Education held hearings on reauthorization of the Higher Education Act last fall.

Mr. HAYNES. Yes, sir.

Mr. STOKES. When Secretary Cavazos was before our Committee a few days ago, I asked whether he had received testimony pertaining to the inclusion of authorizing language for Howard University within the Act. He replied at that time that the Department had not received any testimony on this issue.

Since then, I have learned that testimony was presented by Howard University and by the National Association of Equal Opportunity in Higher Education. I see you nodding your head. Are you assenting that the Secretary was not properly informed on this issue?

Mr. **Haynes**. Yes, sir. The testimony is in. We have received it from Howard.

Mr. **Stokes**. These organizations, are very concerned about this proposal and recommended that it not be implemented. Are you planning to consider any of their comments?

Mr. **Haynes**. Mr. Stokes, in the reauthorization process we have, as you know, held not only the public hearings, but we have also interacted with various groups. I have met with the officials from Howard University, and we have talked about their reauthorization interests.

I assured them that we would give their proposal every consideration as we begin to formulate our own proposal, but we are not there yet.

Ms. **Kirkgasler**. The comments we received in response to our solicitation reflected some misunderstanding about the Federal Register notice. They were concerned that we were suggesting that Howard University lost its special status, and that it would be subsumed in Title III. When the question was posed, I don't believe that was the intent.

I think it was whether the authorizing legislation for Howard University would be better housed in the Higher Education Act, not that it would lose its separate identity. I think there was misunderstanding of the question.

Ms. **Christensen**. I think the Secretary also made clear since then that his intent in asking for comments on that was the same as the other programs within the Higher Education Act. That is, how can we enhance and improve Federal participation in those programs or in Howard University, and what are some of the best things we can do to help them.

CLEO

Mr. **Stokes**. Mr. Haynes, in your opening statement, you stated the budget request reflects the Administration's commitment to meeting the postsecondary aspirations of poor and disadvantaged individuals. You also said they were planning to target funds to those programs that provide support and assistance to these people at the graduate and undergraduate levels.

The CLEO program, which provides disadvantaged students the opportunity to attend law school, is proposed for level funding in 1991. Can you tell us why this program was not among those that received an increase in the President's budget?

Mr. **Haynes**. Mr. Stokes, over the past 20 years, the CLEO program has assisted over 5,000 students in gaining admission to law schools. We feel that law schools have come up with resources to support needy students, and they seem to be doing a better job of providing access in terms of support.

Mr. **Stokes**. When you say law schools have come up with resources to help needy students, you are not talking about minority needy students, disadvantaged minorities. The whole legal profession in this country is probably less than 3 percent black, with black people being 12 percent of the total population.

Mr. **Childers**. I think it is a reflection in the budget that other areas are even more deserving of our funds for minority participation. Therefore, support for graduate programs in math and science is reflected in the national needs programs. Further, there is some sentiment that support for future graduate education ought to be more focused on Ph.D. degrees and less on completion of professional schools or Master's degree levels.

I think those two factors, focus on Ph.D. and also math and science, contributed to level funding of the law program.

MINORITY SCIENCE IMPROVEMENT PROGRAM

Mr. **Stokes**. You mentioned math and science. Your justification mentions an increase in funding for the Minority Science Improvement Program. In reality, this increase is about $217,000, a 4-percent increase for inflation.

The justification says, "Many of the urgently needed new scientists and engineers will have to come from minority groups, which have traditionally been underrepresented in technological fields."

Do you really believe that this request is adequate, in light of your own statement about minorities in this area?

Mr. **Childers**. I think that should be looked at in the context of other programs as well, that had larger increases for minority participation and graduate education. It is true that that particular program has a small increase, but others do have more substantial increases.

Mr. **Stokes**. Thank you, Mr. Chairman.

Mr. **Natcher**. Mr. Pursell?

JACOB K. JAVITS PROGRAM

Mr. **Pursell**. I have just one question on the Javits program that I would like to put in the record.

TRIO EVALUATION

Now, the TRIO program the committee supported, is that funded pretty adequately? We have had significant increases since 1980 in those programs. You are monitoring over 1,000 projects now. How do you manage that from a staff standpoint, and you do list the number of students that are participating and gaining some advantage from that?

How can you really effectively manage 1,000-some projects that are under student support services?

Mr. **Haynes**. Mr. Pursell, we have an evaluation that we are going to conduct of the TRIO program. We have $1,000,000 set aside for this evaluation.

Mr. **Pursell**. That is new this year?

Mr. **Haynes**. Yes, sir.

Mr. **Pursell**. They are looking at all the programs that are working and that are not working?

Mr. **Haynes**. It is just the two largest programs, Upward Bound and Student Support Services.

Ms. **Christensen**. Mr. Pursell, we have $1,400,000 that you appropriated last year to begin this effort, and we have $1,000,000 in our budget to continue it.

Mr. **Pursell**. Are you going to complete that this year?

Ms. **Christensen**. Yes. We are well under way in the work statement in getting the current year's project going. We want to look at the most effective projects in the TRIO program to see which ones work, to keep the students in school, and to motivate them to go into postsecondary education and take the courses best-suited to them. This way, we can determine the strategies that work best, and get those results around to all other schools in the country, the other TRIO programs, to make them effective; as well as to other schools that are not even getting TRIO money.

There is such a need out there for these kinds of services to complement all our schools.

Mr. PURSELL. Are there urban schools, where the need is critical, that are not getting the money?

Ms. CHRISTENSEN. I am sure there are.

Mr. PURSELL. And that will be part of the report?

Ms. CHRISTENSEN. Yes. Well, the report is going to look at the existing projects that are going on now, where they are located in urban and rural areas, and see how they can best serve different kinds of populations, also.

TRIO EVALUATION CONTRACT

Mr. PURSELL. Is that being done by an outside group?

Ms. CHRISTENSEN. I will have to supply that for the record. I don't know, either.

[The information follows:]

TRIO EVALUATION

The request for proposal for the TRIO Evaluation will be released for competition this fiscal year, and a contract will be awarded prior to September 30, 1990.

Mr. PURSELL. Is it a consulting group?

Mr. HAYNES. We will get the name.

Mr. CHILDERS. Congressman, the contract is yet to be awarded, so we don't know the answer to that. The design of the contract is currently being worked on by the Office of Planning, Budget and Evaluation and the Office of Postsecondary Education. They are working together on the design of the survey and the work.

But the contract has yet to be awarded.

Mr. PURSELL. When will we award that contract?

Mr. CHILDERS. This fiscal year.

Mr. PURSELL. Any time up through September?

Mr. CHILDERS. I believe this summer is the target.

Mr. PURSELL. Will you notify the committee and our office who that contractor is?

Mr. HAYNES. Yes, sir.

Mr. PURSELL. I think that is a very important, critical program, and we want to see it work. I know you do, too. I know we need to do that.

When you say you are putting in counselors, reaching down into the seventh and eighth grades to prevent dropouts, I think that is the right direction, but I am not sure it is early enough.

We are finding potential dropouts, drug abuse problems, and illiteracy in the early grades. Programs like Head Start and the budget are reflected to some extent, but we have no counselors in the elementary system. The counselors have gravitated to the high schools, helping students pick colleges and take tests.

Really, counselors ought to be in the elementary system. I have introduced a bill to take a look at that. I am not sure we are reaching down far enough, because you can identify young children who have acute problems in much earlier grades than the seventh and eighth grade. I think we ought to focus to some extent on that.

Mr. HAYNES. Mr. Pursell, as we go through reauthorization, I think an opportunity to take a look at the operation of the TRIO programs will be there. Having left the State system of education, I feel like you, that dropout problems can be identified as early as the third grade. If they persist, the kids will not even finish middle school.

So, this is one of the issues that we will be looking at in terms of the TRIO program. The evaluation will be very helpful to us as well.

Mr. PURSELL. Will that study include new options, new strategies and recommendations?

Mr. HAYNES. I think the study will evaluate what we have in terms of which programs are working, and why are they working. It will probably identify some of the problem areas we have, and how we can solve them. So, we will have some recommendations.

In addition, the task force I co-chair with Mr. Kolb has a working group assigned to looking at the TRIO program as we go through the reauthorization, and they will be issuing internally some papers that will deal with the issue of how we can make this program better, and how we can better address issues like dropouts.

Mr. PURSELL. How long have we had the TRIO program?

Mr. HAYNES. Since the middle sixties.

DEMONSTRATION DROPOUT PROGRAMS

Ms. CHRISTENSEN. Mr. Pursell, we also have a $50,000,000 initiative in our budget for demonstration dropout programs at the elementary and secondary level.

Mr. PURSELL. How much is in that account?

Ms. CHRISTENSEN. It is $50,000,000. The bill authorizing it is just finishing up in both the House and the Senate. You will recall that a couple of years ago, we had a two-year program. What this is going to do now is build on that. It is going to build on those projects that were funded and announce new competitions that will be more controlled. From the very beginning, it will look at cohort groups and really get a very firm look at what procedures and techniques work best in helping these children; and how you can begin at the earliest grades of elementary and secondary schools to identify the most promising techniques, and disseminate them around.

Part of that, $5,000,000 of the $50,000,000, will be used for research. That is, to set up a national coordinating center to help disseminate and get the results out, as well as individual researchers to come in and look at problems. So, we think we are doing all we can to get the field to come in with creative approaches, and that we will be able, then, to look at and evaluate the most effective ways of reaching these children.

I don't think anybody has really done that yet. That is why kids are still dropping out. We just have not done that. I think you are exactly right that we need to get down to the early grades, and that is what we plan to do with that money.

Mr. PURSELL. You need to go back into the junior highs and lower grades and find out. There is no national research. There is a big gap in the research in junior high.

Ms. CHRISTENSEN. Exactly. That is what this is intended to do. That is a small amount of money, but it will have a big impact on all the funds that are being spent out there, State, Federal and local.

Mr. HAYNES. Mr. Pursell, one of the problems of dropout concerns the definition. Only 31 States have a common definition used by the Center for Educational Statistics. So, across the United States, we are not there in terms of what constitutes a dropout.

Mr. PURSELL. A lot of students graduate with a diploma and cannot read or write.

Mr. HAYNES. Yes, sir. We call it taking up space.

RESEARCH CENTERS

Mr. PURSELL. All the research on the basic national level may have some merit, but I think the research centers ought to be back in the States. We ought to have 51 research institutes or something tied into all of them. In my State, Michigan, we have eight public higher educational universities that are giving diplomas for teachers. They are doing some research, but even that is not reaching into the classroom.

The network of all the local education agencies, namely the school systems, are not tied into the research levels of either the State Boards of Education or the national level. There is an enormous gap there. There is no coordinated network.

So, we spent years and years on research looking at the dropout program, and we have talked about this for 25 years, as I recall. I was in the classroom years ago myself. We are no farther ahead in bringing those numbers down. It seems to me that the research pieces ought to be down in the local levels, where there is some curriculum teacher service connection to what the research dollars we are spending at the national and State level, and there is not.

DROPOUT PREVENTION

Mr. HAYNES. Before I left the State of Louisiana, I put together a comprehensive assistance plan, which went from birth all the way through high school, which took into account all the measures we needed to do in the State of Louisiana to keep kids in school.

This is the first time this had happened, you are absolutely right. There is not a coordinated effort toward combatting dropouts, there are a variety of sources. We have not put the focus there. But, I am encouraged by the fact that there are more States now looking at comprehensive completion plans that begin from early childhood education all the way up through high school.

The City of New Orleans in 1988 spent over $12,000,000 on dropouts and did not make a serious dent in the problem. But, someone got $12,000,000 to do something. I am not saying the money is not needed, but are we using the money wisely?

Mr. **Pursell.** That is why I was concerned. The committee funded it every year, because we basically support the intent and concept, but I am not sure some of the programs are working.

Ms. **Christensen.** Mr. Pursell, our new Assistant Secretary for OERI, Christopher Cross, has developed some very exciting plans on getting the research results out into the hands of parents and schools. He will be here to testify tomorrow. I think you will be interested in some of the things he plans.

This whole area of research is a big thrust in our budget this year.

TRIO EVALUATION

Mr. **Pursell.** Will you provide the specs on the contract for evaluation of TRIO?

[The information follows:]

TRIO Evaluation

The specifications for the TRIO evaluation will consist of the following components: 1) an analysis of program records of Upward Bound grantees to provide descriptive information on the demographic characteristics of participants, 2) a mail survey and case studies of Upward Bound and Student Support Services grantees to identify and evaluate program methods, 3) an analysis of High School and Beyond data (National Longitudinal Study 1972) on Upward Bound students and the long-term effects of program participation, and 4) a supplement to the National Educational Longitudinal study of 1988 (NELS 88) to provide information about high school experiences of Upward Bound participants, academic growth as well as post-secondary enrollment performance and completion.

A request for proposal will be released this spring which will address the analysis of program records, mail survey, and the case studies.

Mr. **Haynes.** Yes.

Mr. **Pursell.** I would like to see the format for that.

Thank you, Mr. Chairman.

Mr. **Natcher.** Dr. Haynes, we want to thank you and your associates for appearing before our committee at this time on behalf of your budget request fiscal year 1991. The committee will now adjourn until 2:00 this afternoon.

[The following questions were submitted to be answered for the record:]

PAUL DOUGLAS TEACHER SCHOLARSHIPS

Mr. Natcher: What percentage of students who receive Paul Douglas teacher scholarships actually go into teaching as a career?

Mr. Haynes: As of June 30, 1989, 1,015 Douglas Scholarship recipients, or 93 percent of those who had completed their course of study the prior year, had begun teaching.

FUNDING FOR GRADUATE ASSISTANCE IN AREAS OF NATIONAL NEED

Mr. Natcher: What are the outyear commitments which would be necessary in 1992 and 1993 if this budget for National Needs fellowship grants is approved? Are we looking into further increases beyond those in this year's request?

Mr. Haynes: Our 1991 budget request estimates for the Graduate Assistance in Areas of National Need program for 1992 and 1993 are the same as for 1991--$25.5 million. We do not anticipate increasing our requests for 1992 and 1993, since we will be able to make new fellowships in those years without an increase in appropriations. The portion of funds used to make continuation awards to the 1991 and 1992 "graduating" classes will become available for awards to a new class of graduate students beginning their studies in 1992 and 1993, respectively.

TRIO

Mr. Natcher: Is there any question in your mind about the capacity of the TRIO program to absorb this increase?

Mr. Haynes: We are entirely confident that the TRIO programs can accommodate the increase proposed for fiscal year 1991. The TRIO programs have always assisted only a small fraction of the potential beneficiaries. The recent increases have made it possible for us to increase the number of persons served as well as pursue other special initiatives which we believe will strengthen the programs.

TRIO FUNDING

Mr. Natcher: Insert in the record at this point a 10-year table of funding for TRIO with the amount and percentage increase each year.

Mr. Haynes: A table showing the amount and percentage increases for the TRIO programs from the period of 1980 to 1990 with estimates for 1991 follows:

Summary of Funding for the Special Programs for the Disadvantaged (TRIO) Fiscal Years 1980-89 with Estimates for 1990 & 1991

Program	1980	1981	1982	1983	1984	1985
Upward Bound	62,500	66,501	63,720	68,366	70,754	73,614
Student Support	60,000	63,885	60,702	60,556	67,295	70,084
Talent Search	15,300	17,113	17,057	17,058	17,628	20,728
EOC	7,700	8,001	7,800	7,800	8,102	9,209
Training	2,000	1,000	960	960	960	1,303
McNair	---	---	---	---	---	---
Total	147,500	156,500	150,239	154,740	164,739	174,938
Percent Increase	---	6.1%	-4.0%	3.0%	6.5%	6.2%

Program	1986	1987	1988	1989	1990Est	1991Est
Upward Bound	72,338	74,548	80,414	93,609	106,002	117,542
Student Support	67,070	70,962	90,810	85,393	90,638	97,730
Talent Search	19,607	20,384	22,229	25,864	27,115	34,841
EOC	8,814	9,210	11,163	11,630	12,095	13,910
Training	957	1,006	1,229	1,279	1,535	1,596
McNair	---	---	---	1,482	3,000	3,120
Total	168,786	176,110	205,845	219,257	240,385[1]	268,739[1]
Percent Increase	-3.5%	4.3%	16.9%	6.5%	9.6%	11.8%

[1] The following amounts for evaluation of Upward Bound and Student Support Services are excluded: $1,437,000 in fiscal year 1990 and $1,000,000 in fiscal year 1991.

HISTORICALLY BLACK COLLEGES AND UNIVERSITIES

Mr. Natcher: This account includes several programs targeted to historically black colleges and universities. What can you tell us about the general fiscal condition of these schools?

Mr. Haynes: The 1989 _Digest of Education Statistics_ contains the following financial data on traditionally black institutions of higher education. Most of these schools are small institutions with limited resources.

Traditionally Black Institutions of Higher Education
Financial Statistics, 1985-86
($ in 000s)

		Public		Private	
	Total	4-year	2-year	4-year	2-year
Number of Institutions	99	38	5	49	7
Current-fund revenues	$1,966,778	$1,098,481	$29,529	$827,517	$11,251
Average	19,886	28,907	5,906	16,888	1,607
Current-fund expenditures	1,954,606	1,078,351	27,851	839,074	9,330
Average	19,743	28,378	5,570	17,124	1,333
Endowment, market value	438,773	20,187	1,149	416,766	670
Average	4,432	531	230	8,505	96
Buildings, replacement value	4,186,359	2,636,038	57,391	1,468,530	24,400
Average	42,286	69,369	11,478	29,970	3,486

HISTORICALLY BLACK COLLEGES AND UNIVERSITIES

Mr. Natcher: Is there any good data about the success of these historically black schools in building their endowments?

Mr. Haynes: The most recent data collected and reported by the National Center for Education Statistics on the market value of endowments held by historically black colleges and universities (HBCU) are presented below.

Market Value of Endowments of Historically Black Colleges and Universities (Dollars in 000's)

			Change 1980-1985	
	1980	1985	$	%
All HBCUs				
Total endowments	$249,777	$438,773	$188,996	+76%
# institutions	102	99	---	-3%
Average endowment	$2,449	$4,432	+$1,983	+81%
Private HBCUs				
2-Year HBCUs				
Total endowments	$380	$670	+$290	+76%
# institutions	9	7	---	-22%
Average endowment	$42	$96	+$54	+129%
4-Year HBCUs				
Total endowments	$236,964	$416,766	+$179,802	76%
# institutions	50	49	---	-2%
Average endowment	$4,739	$8,505	+$3,766	+$79%
Public HBCUs				
2-Year HBCUs				
Total endowments	0	$1,149	+$1,149	---
#institutions	5	5	---	---
Average endowment	0	$230	$230	---
4-Year HBCUs				
Total endowments	$12,432	$20,187	+$7,755	+62%
# institutions	38	38	---	---
Average endowment	$327	$531	+$204	+62%

Source: Digest of Education Statistics, 1982 and 1989

Even when the growth in HBCU endowments is controlled for inflation, the market value of these endowments grew between 1980 and 1985. The figures presented above are converted in the table below to 1980 constant dollars.

Market Value of Endowments of Historically Black Colleges and Universities In Constant 1980 Dollars (Dollars in 000's)

			Change 1980-1985	
	1980	1985	$	%
All HBCUs				
Total endowments	$249,777	$328,740	+$78,963	+32%
# institutions	102	102	---	---
Average endowment	$2,449	$3,223	+$774	+32%
Private HBCUs				
2-Year HBCUs				
Total endowments	$380	$500	+$120	+32%
# institutions	9	9	---	---
Average endowment	$42	$56	+$14	+32%
4-Year HBCUs				
Total endowments	$236,964	$311,877	+$74,913	+32%
# institutions	50	---	---	---
Average endowment	$4,739	$6,238	+$1,499	+32%
Public HBCUs				
2-Year HBCUs				
Total endowments	0	0	---	---
# institutions	5	5	---	---
Average endowment	0	0	---	---
4-Year HBCUs				
Total endowments	$12,432	$16,362	+$3,930	+32%
# institutions	38	38	---	---
Average endowment	$327	$431	+$104	+32%

BLACKS IN GRADUATE SCHOOL

Mr. Natcher: The Committee has been concerned about the direct statutory earmarks in the program to assist historically black graduate programs. Are there other schools who should be allowed to compete for these funds?

Mr. Haynes: One-third of the historically black colleges and universities (HBCUs) award graduate degrees. However, most of these institutions grant both graduate and undergraduate degrees and receive funds under the Part B, Title III formula grant program.

The original intent of the Strengthening Historically Black Graduate Institutions program was to provide support for free-standing graduate schools with limited resources due to the lack of an undergraduate enrollment. Four of the six statutorily designated institutions currently fit this description. We are not aware of any additional freestanding historically black graduate institutions.

We are examining this program and other issues relevant to HBCUs in detail as we develop our 1991 reauthorization proposals. We believe it is premature to decide if additional institutions should be added to the current list of eligible historically black graduate schools until reauthorization deliberations have been completed.

O'NEILL LIBRARY

Mr. Natcher: Would you include in the record at this point a short summary of the Federal support for the Thomas P. O'Neill Library, including the current balance in the loan fund.

Mr. Haynes: The Higher Education Amendments of 1986 directed the Secretary to cancel all scheduled annual debt service obligations of Boston College for the O'Neill Library in fiscal years 1987, 1988, 1989 and 1990. The total amount forgiven over these years is $2,700,000. The balance outstanding on this loan is $14,055,000, with their first payment due in October, 1990.

EARMARKED PROJECTS

Mr. Natcher: Please submit to the Committee a list of all earmarked appropriations for higher education projects over the last 10 years with a statement of how each became authorized.

Mr. Haynes: We have listed below the projects that were earmarked in appropriations act language for the Higher Education account for fiscal years 1980 through 1990. We have not included earmarks for an entire program or earmarks contained in the authorizing law or report language.

1990	Washington Library Consortium D.C. Appropriation Bill	$6,700,000
1989	Health and Human Resources Center at Voorhees College in Denmark, S.C. Title III, Part B of the Higher Education Act.	4,446,000
	Urban Education Foundation P.L. 101-45	1,600,000
1987	Bologna Center of the School of Advanced International Studies of the Johns Hopkins University. Title IV, Part A of the Higher Education Act.	1,000,000
1984	Center for Advanced Technology and Development at the University of New Hampshire. Title VII, Part B of the Higher Education Act.	15,000,000
	Central Research Library at Boston College.	7,500,000

	Title VII, Part B of the Higher Education Act.	
	The Maureen and Mike Mansfield Foundation P.L. 98-139	5,000,000
1983	Carl Albert Congressional Research and Studies Center	2,000,000
	Wayne Morse Chair of Law and Politics.	335,000
1982	Two institutions of higher learning in Vermont. Title III, Part A of the Higher Education Act.	300,000

MARGARET CHASE SMITH LIBRARY CENTER

Mr. Natcher: What type of services or activities will be supported with the grant to the Margaret Chase Smith program in fiscal year 1990?

Mr. Haynes: In fiscal year 1990, $5,000,000 was provided for a permanent endowment for the Margaret Chase Smith Library Center in Skowhegan, ME, as authorized in sections 139 and 140 of the Public Law 100-202. Annual income from the endowment will be used to bring together leaders from Government, business, labor, and the nonprofit sector for a regular lecture series. Part of the endowment income shall also be used to support grants to congressional scholars, the acquisition of publications, public exhibits, and the annual expenses of the library center.

HBCU FUNDING

Mr. Natcher: Insert in the record at this point a summary table showing all direct assistance to HBCU's provided by the Department of Education.

Mr. Haynes: The most recent data compiled by The White House Initiative on Historically Black Colleges and Universities, the office responsible for compiling data on these institutions, indicate that in fiscal year 1988 HBCUs received $297,105,318 in direct assistance from the Department, excluding student financial assistance.

Following is a table summarizing the direct assistance received by HBCUs:

DEPARTMENT OF EDUCATION FUNDING TO HBCUs

PROGRAMS	FISCAL YEAR 1988
Special Education Programs	$1,493,986
National Institute on Disability and Rehabilitation Research	518,539
Educational Research and Improvement Programs	2,650
Programs Elementary and Secondary Education	350,507
Bilingual Education	233,955
Fund for the Improvement of Postsecondary Education	607,676
TRIO	24,056,658
Title III	76,061,107
Howard University	172,200,000
International Education	213,658
All other Higher Education Programs	21,366,582
Total	$297,105,318

WASHINGTON LIBRARY CONSORTIUM

Mr. Natcher: Insert in the record at this point a short description and history of the Federal assistance to the Washington Library Consortium authorized in the "D.C." bill last year.

Mr. Haynes: In fiscal year 1988, under P.L. 100-202, the Congress provided $6.7 million for the Academic Facilities program that was thought to be intended for the Washington Library Consortium. However, the statutory requirement for an open competition and other provisions contained in the Higher Education Act (sections 701(b), 721(b) and 721(c)) prevented the Department from providing a noncompetitive grant to the Consortium. The fiscal year 1990 District of Columbia Act, P.L. 101-168, subsequently removed these limitations, and directed the awarding of these funds to the Consortium.

We have been informed by the Consortium that it currently plans to submit to the Department an application for the funds by early June, 1990. The Department will award funds to the Consortium as soon as possible thereafter.

TITLE III

Mr. Roybal: How many institutions are in Part A of Title III?

Mr. Haynes: In fiscal year 1989, 269 awards were made to 267 institutions under Part A of Title III.

TITLE III FUNDING OF TRIBAL COLLEGES

Mr. Roybal: Over the past eight years, how many Tribal Colleges have received assistance under Part A?

Mr. Haynes: From fiscal year 1982 through 1989, 17 institutions with high percentages of native American students have been funded under Part A. Of this total, 14 have been Tribally Controlled Colleges. These 14 colleges received 52 awards over this time period, for a total of $11.6 million.

HISPANIC PARTICIPATION UNDER TITLE III

Mr. Roybal: How many institutions, on the mainland or in the continental United States, with high percentages of Hispanic students have received funds under this program for the past eight years?

Mr. Haynes: Since fiscal year 1982, a total of 191 awards have been made to 50 institutions that enroll high percentages of Hispanic students. Of this total, 81 grants were awarded to 23 institutions located on the mainland. Since 1982, approximately $23.6 million have been awarded to these institutions.

TITLE III FUNDING

Mr. Roybal: The law requires that not less than $51.4 million must be made available to two-year institutions. How much do you plan to spend for two-year institutions in fiscal year 1991?

Mr. Haynes: There is no "plan" to award a certain number of dollars beyond the required $51.4 million. An average of 74 percent of the total appropriation has been awarded to two-year institutions each year over the last 3 years. Using that same percentage, we estimate that approximately $64.0 million of the fiscal year 1991 Part A budget request will be awarded to two-year institutions.

Mr. Roybal: The law also requires that 25 percent of the appropriated amount over $61 million be directed to institutions with the highest percentage of black, Hispanic, Asian American, native Hawaiian, and/or Pacific Islander. How many institutions receive funding under this category?

Mr. Haynes: In fiscal year 1989, 13 institutions received funding under this category at a cost of $2,716,020.

Mr. Roybal: How many applications are you able to fund with the remainder of the funds after the two-year colleges and the 25 percent set-asides?

Mr. Haynes: In fiscal year 1989, the program was able to fund an additional 80 grants after meeting the two-year and 25 percent set-asides. These 80 grants included both new and continuation awards.

Mr. Roybal: How many applications are generally approved but not funded due to lack of funds? What is the ranking score of most of these applications?

Mr. Haynes: Applications are reviewed and ranked according to how they each meet the published scoring criteria. Applications are not "approved" or "disapproved." The actual number of applications funded is entirely dependent on the amount of the appropriation and the number of applications received.

In fiscal year 1989, 672 applications were received and ranked, with the cut-off score 95.0 points due to the level of appropriation. But, for example, using 85.0 points as a score reflecting a good application, 217 colleges scored between 85.0 and 95.0 points.

Mr. Roybal: Is there a discrepancy between the ranking scores of applications funded under the two-year and 25 percent set-asides and the applications funded with the remaining funds? If so, how can this be corrected during fiscal year 1991?

Mr. Haynes: Since fiscal year 1982, the program has not needed to go out of rank order to meet the two-year college set-aside. In 1989, however, the Department funded seven colleges out of rank order and below the cut-off score of 95.0 points in order to meet the highest minority percentage enrollment set-aside. The scores of these seven colleges ranged from 88.5 to 67.0 points.

The possible funding of applications with relatively low scores under the highest minority percentage set-aside requirement cannot be prevented without a revision of the authorizing statute.

COOPERATIVE EDUCATION

Mr. Dwyer: Despite the numerous reports outlining our country's need to ensure a sufficient number of qualified workers, the administration has proposed to eliminate Cooperative Education, a program which helps to develop a more definite linkage between education and work. Has an evaluation been done by the Department to determine if any institutions would not be able to maintain a cooperative education program without Federal support. Are any institutions currently contemplating establishing cooperative education programs which would not do so if the Federal program were eliminated?

Mr. Haynes: The Department has not conducted a study to determine whether institutions would stop offering cooperative education if the Federal program were eliminated, nor have we attempted to determine if institutions planning to offer cooperative education would abandon such a plan without the possibility of Federal support.

We have based our proposal to terminate Federal funding for Cooperative Education on the following facts:

- As competition for student enrollment has increased and increasing numbers of students have demanded cooperative education programs, institutions have been motivated to support the programs on their own;
- This is an area in which institutions have been very successful in obtaining private sector support;
- Four out of five institutions offering cooperative education now do so without Federal support; and
- Most institutions applying for grants under this program already have institutionally funded cooperative education programs.

TRIO

Mr. Dwyer: The President's budget requests an additional $27.0 million for the very successful TRIO programs. TRIO has been considered to be an effective tool in discouraging dropout amongst disadvantaged students. How will this program be integrated into the Department's new dropout prevention initiatives?

Mr. Haynes: The $45 million for dropout prevention demonstrations and the $5 million for dropout research requests represent activities which the Department will develop in close coordination with the TRIO dropout activity, the Department of Labor's dropout program, and others. As part of the TRIO effort, the Department is requesting $8.2 million in fiscal year 1991 for an initiative, begun in 1989, under the Talent Search program. This initiative is focused on counseling services for seventh and eighth graders. Coordination of these activities is key to the administration's efforts to provide Federal support for State and local efforts to meet the national education goals of raising the high school graduation rate to 90 percent by the year 2000.

UPWARD BOUND MAGNET PROGRAMS

Mr. Dwyer: The Department plans an expansion of mathematics and science opportunities in the Upward Bound program. Under the program initiative, regional "magnet" projects will be funded to provide mentoring, internship, and research experiences. Could you explain to the subcommittee how these "magnet" programs will be established and run?

Mr. Haynes: The Department plans to hold a competition during fiscal year 1990 to award funds to approximately 25 to 30 institutions. Beginning in the summer of 1991, these institutions will provide summer residential activities for up to 100 Upward Bound participants per institution selected from among the regular Upward Bound projects in the area or region. The participants will be exposed to an intensive mathematics and science curriculum during the summer and will have opportunities to meet and work with of math and science, so that they are prepared to continue their studies in these areas upon entering college. As you know, this is an important initiative in support of the national goal that by the year 2000 the U.S. will be first in the world in science and mathematics achievement.

NATIONAL SCIENCE SCHOLARS PROGRAM

Mr. Dwyer: The administration has proposed the establishment of a National Science Scholars program. Why is this program not under the auspices of the National Science Foundation?

Mr. Haynes: We strongly believe that the National Science Scholars program should be administered by the Department of Education, rather than by the National Science Foundation (NSF). Our proposed program would be authorized under the Higher Education Act and would be consistent with the Student Financial Assistance programs already under title IV of that Act. National Science Scholars definitions governing eligible students, eligible institutions, etc., would be made uniform with existing title IV programs. Very importantly, our proposed program would be coordinated with other Department student aid programs to ensure that no student receives scholarship and financial assistance in excess of his or her cost of education.

I would also like to point out that the NSF is most experienced in the area of research grants and fellowships for graduate study. The proposed National Science Scholars program would be an undergraduate scholarship program. The NSF administers no such programs.

Mr. Dwyer: How is it different from scholarship programs already in place?

Mr. Haynes: Apart from our very large and broadly available title IV student aid programs, the Department of Education operates two categorical, merit-based scholarship programs for undergraduates. Neither program specifically encourages studies in the math or science fields. The Robert C. Byrd Honors Scholarship program provides students who have demonstrated outstanding academic achievement and who show promise of continued academic excellence with a $1,500 scholarship for the first year of study at an institution of higher education. The Paul Douglas Teacher Scholarship program encourages outstanding high school graduates to pursue courses of study at the postsecondary level that would lead to teaching careers in elementary and secondary education by providing recipients with scholarships of up to $5,000 per year.

MATH AND SCIENCE EDUCATION

Mr. Dwyer: In addition, the budget request states that over half of all 17 year olds are so poorly trained in science that they cannot perform work requiring basic technical understanding. Why then are we waiting so long? Wouldn't it be more effective to put our resources into program which encourage younger children to become scientists and engineers?

Dr. Haynes: The seriousness of this Nation's lack of math and science knowledge at all levels of education requires that we support math and science programs at every level of study. In order to help meet the national goal that by the year 2000 the U.S. will be the world leader in science and mathematics achievement, we are pursuing an array of initiatives at all education levels. We are proposing a 70 percent increase to $230 million for the Eisenhower Mathematics and Science Education program, which helps States improve the preparation of teachers and raise achievement levels of elementary and secondary school students in these subjects. Also, our 1991 request for the Upward Bound component of the Special Program for the Disadvantaged ("TRIO") program would provide for an expansion of the math and science initiative begun in 1990. Under this initiative, regional centers will offer an intense summer math and science curriculum to high school students.

The proposed National Science Scholars program would provide an incentive to high school students to excell in science and mathematics by recognizing their achievement. It would also provide scholars with significant financial resources (up to $10,000 per year) if they continue their studies in these fields at the undergraduate level.

The Department is also requesting significant increases in 1991 for the Patricia Roberts Harris Graduate Fellowships program and for the Graduate Assistance in Areas of National Need program. The request for Patricia Roberts Harris Fellowships, which grants approximately 53 percent of its awards to those studying mathematics, science or engineering, is $17.8 million--an 11 percent increase over 1990. Our 1991 request for Graduate Assistance in Areas of National Need, which makes awards to students studying mathematics, physics, chemistry or engineering, is $25.5 million--a 61 percent increase over 1990.

DOUGLAS TEACHER SCHOLARSHIPS

Mr. Conte: In fiscal year 1990, no funding was requested for Paul Douglas Teacher Scholarships. For fiscal year 1991, you're requesting $14.9 million. Why have you changed your mind?

Mr. Haynes: President Bush and Secretary Cavazos are strongly committed to improving the quality of teaching in America's schools. The Paul Douglas Teacher Scholarship program is one way to encourage some of our best students to pursue teaching careers. It will help us achieve the national education goals announced by President Bush and the Governors.

TRIO

Mr. Conte: The TRIO programs are supposed to complement the financial assistance programs that are available to disadvantaged students by providing them with information and support services designed to get them into college and keep them there. How effective is it to expand Trio while not expanding student aid assistance?

Mr. Haynes: A major goal of the TRIO programs is to provide the necessary student support services to improve educational access and opportunity for the disadvantaged. The TRIO programs have never served more than a fraction of the number of students served by student aid.

One indicator that there are large numbers of needy students not currently being offered these support services is the number of Title IV student aid recipients as compared to the number served by TRIO. In fiscal year 1990, 167,300 students were served under Support Services. While the fiscal year 1991 TRIO request would serve over 3,100 more students, this is a fraction of the 175,000 additional students that would receive Pell Grants under our 1991 request.

Another major TRIO goal is dissemination of information and counseling on higher education opportunity and college admission procedures. Researchers continue to find that the neediest of high school students are less likely to learn of the availability of student aid than other students. Thus, it is important to continue and expand the Upward Bound, Talent Search, and the Educational Opportunity Center programs along with Student Support Services.

INTERNATIONAL EDUCATION

Mr. Pursell: Congress provided a large increase for International Education and Foreign Language Studies in fiscal year 1990, from $31 million to $39.8 million. The Administration proposes to provide the same amount in fiscal year 1991.

With growing emphasis on world trade and an international economy, and given the promise of new relations with Eastern Europe, do you believe that we should place additional emphasis on this program?

Mr. Haynes: The Department strongly supports the International Education and Foreign Languages Studies programs. Recent developments in Eastern Europe and the opening up of potential new marketplaces for American products dramatically point to the need for a continuing U.S. commitment to effective programs of international area studies and foreign language education.

Our budget request for fiscal year 1991 therefore sustains the substantial funding increase of the previous year for the International Education programs. We believe that this level of funding meets the current needs for foreign language and area studies. Moreover, we are currently examining international education and foreign language studies issues and the Department's pertinent programs in great detail as we develop our 1991 reauthorization proposals. We will make recommendations as to the appropriate emphasis to be placed on our International Education programs once this review has been completed.

JACOB K. JAVITS FELLOWSHIPS PROGRAM

Mr. Pursell: The Jacob Javits Fellowships program provides fellowships to students for doctoral programs in the arts, humanities and social sciences. At a time when educators are forecasting a severe shortage of personnel in these areas, do you agree with the administration's proposal to reduce funding from fiscal year 1990, $7.9 million to $5.4 million in fiscal year 1991?

Mr. Haynes: I support the administration's proposal to decrease funding for the Jacob K. Javits Fellowships program. Our priorities in the area of graduate education are to assist disadvantaged persons and to support studies in high priority academic areas. This program is not targeted at either of these priorities. In addition, there are a wide variety of other Federal and non-Federal sources of financial support available for all areas of graduate study, including the arts, humanities and social sciences.

JUSTIFICATION OF THE BUDGET ESTIMATES

DEPARTMENT OF EDUCATION

Higher Education

Fiscal Year 1991 Budget Request — Page No.

Appropriation language.. K-1

Explanation of language changes.................................... K-3

Language analysis.. K-4

Amounts available for obligation.................................. K-6

Budget authority by activity... K-7

Budget authority by object.. K-11

Summary of changes.. K-12

Authorizing legislation.. K-16

Table of estimates and appropriations............................ K-23

Significant items in congressional appropriations reports........ K-24

Justification:

- Account summary.. K-29
- Activities:
  1. Aid for institutional development........................ K-34
  2. Program development:
     - a. Fund for the Improvement of Postsecondary Education.. K-39
     - b. Minority science improvement.......................... K-43
     - c. Innovative projects for community services........... K-46
     - d. International education and foreign language studies. K-48
     - e. Cooperative education.................................. K-56
     - f. Law school clinical experience........................ K-58
     - g. Student literacy corps.................................. K-60
  3. Interest subsidy grants.. K-62
  4. Special grants:
     - a. Assistance to Guam..................................... K-64
     - b. Margaret Chase Smith Library Center.................. K-65

DEPARTMENT OF EDUCATION

Higher Education

Fiscal Year 1991 Budget Request — Page No.

5. Aid for students:
  a. Special programs for the disadvantaged............... K-66
  b. Support services:
    (1) Veterans' education outreach..................... K-72
    (2) Legal training for the disadvantaged............ K-74
    (3) School, college and university partnerships..... K-76
  c. Scholarships and fellowships:
    (1) Robert C. Byrd honors scholarships............... K-78
    (2) National science scholars....................... K-80
    (3) Paul Douglas teacher scholarships............... K-84
    (4) Patricia Roberts Harris graduate fellowships.... K-86
    (5) Patricia Roberts Harris public service fellowships.................................... K-90
    (6) Jacob K. Javits fellowships..................... K-93
    (7) Minority participation in graduate education.... K-95
    (8) Graduate assistance in areas of national need... K-97

State tables.. K-101

HIGHER EDUCATION

For carrying out, to the extent not otherwise provided for, [titles] title I, part D, [III,] subparts 4 and 6 of part A of title IV, 1/ [sections 501,] section 523, and subpart 1 of part D of title V, title VII, part D, part A and subpart 1 of part B of title X, 2/ and titles [XII] 3/ III, VI, [VII, VIII,]4/ and IX[, and X] 5/ of the Higher Education Act of 1965, as amended, and section 102(b)(6) of the Mutual Educational and Cultural Exchange Act of 1961 6/ [and section 140(b) of Public Law 100-202, 7/ $632,736,000] $657,648,000, of which up to [$18,128,000] $32,893,000 for endowment activities under section 332 of part C of title III, including $15,000,000 for historically black colleges and universities,8/ and [$22,744,000] $20,900,000 for interest subsidies under part D of title VII shall remain available until expended: Provided, That [$8,740,000] $5,000,000 for the National Science Scholars Program is not available until specifically authorized: 9/ Provided further, That $8,627,000 provided herein for carrying out subpart 6 of part A of title IV shall be available notwithstanding sections 419G(b) and 419I(a) of the Higher Education Act of 1965 (20 U.S.C. 1070d-37(b) and 1070d-39(a)): Provided further, That no funds shall be used for part F of title IX of the Higher Education Act: 10/ Provided further, That [$1,456,000] $1,000,000 of the amount provided herein for subpart 4 of part A of title IV of the Higher Education Act shall be for an evaluation of Special Programs for the Disadvantaged to examine the effectiveness of current programs and to identify program improvements. (Department of Education Appropriations Act, 1990; additional authorizing legislation has been proposed for $20,000,000.)

[Of the funds appropriated in Public Law 100-202 for carrying out part B of title VII of the Higher Education Act that remain available for obligation, $6,700,000 shall be awarded without regard to section 701(B), section 721(B), and section 721(C) of said Act to the consortium of institutions of higher education in the Washington, DC metropolitan area for the purpose of constructing and equipping an academic research library to link the library and information resources of the universities participating in the consortium.] 11/ (District of Columbia Appropriations Act, 1990.)

Higher Education

Explanation of Language Changes

1/ This language is added to include the appropriate authorizing citations for the Student Literacy Corps program, Special Programs for the Disadvantaged, and the Robert C. Byrd Honors Scholarship Program.

2/ This language is added to clarify the appropriate authorizing citations for Interest Subsidy Grants, Fund for the Improvement of Postsecondary Education, and the Minority Science Improvement Program.

3/ This language is deleted because no funding is requested for Assistance to Guam in fiscal year 1991.

4/ This language is deleted because no funding is requested for Academic Facilities Grants or Cooperative Education in fiscal year 1991. A specific citation for Interest Subsidy Grants is included above.

5/ This language is deleted because the specific citations for programs for which funds are being requested under Title X are included above.

6/ This language is added to reflect the appropriate legislative citation for the International Overseas (Fulbright-Hays Act) programs.

7/ This language is deleted since no funds are requested for the Margaret Chase Smith Library Center in fiscal year 1991.

8/ This language is added to set aside $15 million of Title III, Part C funds for historically black colleges and universities.

9/ This language is included because the authorizing legislation for the National Science Scholars program (The Educational Excellence Act of 1989) has not yet passed.

10/ This language is added because funding is not requested for the Law School Clinical Experience program. A reference to Title IX is included above because funding is required for the other programs authorized under that Title.

11/ This language is deleted to reflect the one-time nature of the fiscal year 1990 appropriation of the Washington Library Consortium.

Higher Education

Language Analysis

Language Provision	Explanation
...of which up to [$18,128,000] $32,893,000 for endowment activities under section 332 of part C of title III, including $15,000,000 for historically black colleges and universities,and [$22,744,000] $20,900,000 for interest subsidies under part D of title VII shall remain available until expended...	This language specifies a certain funding level for grants under Title III, Part C, establishes a set-aside for HBCUs within that amount, and extends the availability of funds under Title III, Endowment Challenge Grants, and the Interest Subsidy Grant program (Title IV, part D).
Provided, That [$8,740,000] $5,000,000 for the National Science Scholars Program is not available until specifically authorized...	This language acknowledges that the authorizing legislation for the National Science Scholars Program (The Educational Excellence Act of 1989) has not yet become law.
Provided further, That $8,627,000 provided herein for carrying out subpart 6 of part A of title IV shall be available notwithstanding sections 419G(b) and 419I(a) of the Higher Education Act of 1965 (20 U.S.C. 1070d-37(b) and 1070d-39(a))...	This language eliminates the statutory requirement that Robert C. Byrd honors scholars be selected from congressional districts and that scholarships be awarded in local ceremonies by congressmen.
Provided further, that no funds shall be used for title IX of the Higher Education Act...	This language ensures that funds will not be available for the Law School Clinical Experience Program.
Provided further, That [$1,456,000] $1,000,000 of the amount provided herein for subpart 4 of part A of title IV of the Higher Education Act shall be for an evaluation of Special Programs for the Disadvantaged to examine the effectiveness of current programs and to identify program improvements.	This language authorizes funding for the second year of a comprehensive evaluation of the Special Programs for the Disadvantaged.

Higher Education

Language Analysis

Language Provision	Explanation
[Of the funds appropriated in Public Law 100-202 for carrying out part B of title VII of the Higher Education Act that remain available for obligation, $6,700,000 shall be awarded without regard to section 701(B), section 721(B), and section 721(C) of said Act to the consortium of institutions of higher education in the Washington, DC metropolitan area for the purpose of constructing and equipping an academic research library to link the library and information resources of the universities participating in the consortium.]	This language is deleted, since its purpose was a one-time appropriation for the Washington Library Consortium.

Higher Education

Amounts Available for Obligation

	1989	1990	1991
Appropriation:			
Annual.......................	$565,729,000	$632,736,000	$657,648,000
Sequester....................	---	-8,205,000	---
Subtotal, adjusted appropriation.........	565,729,000	624,531,000	657,648,000
Comparative transfers to:			
School Improvement for:			
Mid-career teacher training..................	---	-987,000	---
Subtotal, comparable budget authority...........	565,729,000	623,544,000	657,648,000
Recovery of prior year obligations................	3,019,000	---	---
Unobligated balance, start of year..............	49,505,000	48,377,000	15,039,000
Unobligated balance, end of year.	-48,377,000	-15,039,000	-20,039,000
Unobligated balance lapsing...	-124,000	---	---
Total obligations.......	569,752,000 1/	656,882,000	652,648,000

1/ Excludes reimbursable amounts of $156,000 in 1989 for activities financed in this account.

Higher Education

Budget Authority by Activity

	1989 Appropriation	1990 Appropriation	1990 Revised	1991 Request
1. Aid for institutional development:				
a. Strengthening institutions....	$77,459,000	$82,911,000	$82,911,000	$86,631,000
b. Strengthening HBCUs...........	73,554,000	83,898,000	83,898,000	83,898,000
c. Strengthening historically black graduate institutions.	10,868,000	11,468,000	11,468,000	11,468,000
d. Endowment grants..............	12,696,000	17,893,000	12,893,000	17,893,000
e. HBCU endowment grants.........	—	—	5,000,000	15,000,000
Subtotal....	174,577,000	196,170,000	196,170,000	214,890,000
2. Program development:				
a. Fund for the Improvement of Postsecondary Education.....	11,856,000	11,702,000	11,702,000	11,702,000
b. Minority science improvement..	5,307,000	5,416,000	5,416,000	5,633,000
c. Innovative projects for community services..........	1,454,000	1,481,000	1,481,000	—
d. International education and foreign language studies:				
(1) Domestic programs........	25,855,000	34,658,000	34,658,000	34,658,000
(2) Overseas programs........	5,203,000	5,136,000	5,136,000	5,136,000
Subtotal.....	31,058,000	39,794,000	39,794,000	39,794,000
e. Cooperative education.........	13,622,000	13,445,000	13,445,000	—
f. Law school clinical experience..................	3,952,000	4,935,000	4,935,000	—
g. Student literacy corps........	4,940,000	5,042,000	5,042,000	5,042,000

Higher Education

Budget Authority by Activity -- Continued

	1989 Appropriation	1990 Appropriation	1990 Revised	1991 Request
3. Academic facilities:				
a. Interest subsidy grants......	$22,744,000	$22,449,000	$22,449,000	$20,900,000
4. Special grants:				
a. Assistance to Guam............	473,000	494,000	494,000	---
b. Robert A. Taft Institute of Government..................	709,000	---	---	---
c. Special higher education projects:				
(1) Urban Education Foundation.............	1,600,000	---	---	---
(2) Margaret Chase Smith Library Center.........	---	2,468,000	2,468,000	---
Subtotal.....	2,782,000	2,962,000	2,962,000	---
5. Aid for students:				
a. Special programs for the disadvantaged.................	219,257,000	241,822,000	241,822,000	269,739,000
b. Support services:				
(1) Veterans' education outreach..................	2,838,000	2,801,000	2,801,000	---

Budget Authority by Activity -- Continued

	1989 Appropriation	1990 Appropriation	1990 Revised	1991 Request
5. Aid for Students:				
b. Support services:				
(2) Legal training for the disadvantaged..........	$1,892,000	$2,468,000	$2,468,000	$2,468,000
(3) Mid-career teacher training...............	—	987,000	—	—
(4) School, college and university partnerships	2,760,000	2,961,000	2,961,000	2,961,000
c. Scholarships and fellowships:				
(1) Robert C. Byrd honors scholarships...........	8,200,000	8,627,000	8,627,000	8,627,000
(2) National science scholars	—	—	—	5,000,000
(3) Paul Douglas teacher scholarships...........	15,235,000	14,922,000	14,922,000	14,922,000
(4) Patricia Roberts Harris graduate fellowships...	15,711,000	16,034,000	16,034,000	17,780,000
(5) Patricia Roberts Harris public service fellowships............	3,320,000	3,277,000	3,277,000	1,189,000

Higher Education

Budget Authority by Activity -- Continued

	1989 Appropriation	1990 Appropriation	1990 Revised	1991 Request
5. Aid for Students:				
c. Scholarships and fellowships:				
(6) Jacob K. Javits fellowships............	$7,904,000	$7,896,000	$7,896,000	$5,424,000
(7) Minority participation in graduate education..	3,476,000	3,547,000	3,547,000	6,094,000
(8) Graduate assistance in areas of national need..................	12,844,000	15,793,000	15,793,000	25,483,000
Total........	565,729,000	624,531,000	623,544,000	657,648,000

NOTE--Amounts in the 1990 appropriations column are the actual appropriations to this account. All other columns are comparable to 1991.

Explanation of 1990 Revisions

1.e. Reflects a proposed $5,000,000 set-aside for HBCU endowment grants.

5.b.(3) Reflects the transfer of the Mid-career teacher training program to the School Improvement Programs account.

Higher Education

Budget Authority by Object

	1989 Appropriation	1990 Appropriation	1991 Request
Grants, subsidies, and contributions.......	$565,729,000	$623,544,000	$657,648,000
Total....................	565,729,000	623,544,000	657,648,000

Higher Education

Summary of Changes

1990 Appropriation	$623,544,000
1991 Request	657,648,000
Net change	+34,104,000

	1990 Base	Change from Base
Increases:		
Program:		
1. Increase in funds for Title III Strengthening Institutions to help equalize educational opportunities	$82,911,000	+$3,720,000
2. Increase in funds for Title III Endowment Grants to increase endowments at developing institutions to help them become financially stable	12,893,000 1/	+5,000,000
3. Increase in funds for Title III Endowment Grants to increase endowments at historically black colleges and universities to help them become financially stable	5,000,000 1/	+10,000,000
4. Increase in funds for Minority Science Improvement program to enhance programs at institutions serving minority students	5,416,000	+217,000
5. Increase in funds for Special Programs for the Disadvantaged to help individuals from disadvantaged backgrounds enter and complete college and to provide for an evaluation of these programs	241,822,000	+27,917,000

1/ Reflects proposed Supplemental language to set aside $5,000,000 of Part C Endowment Grant funds for HBCU Endowment Grants.

Higher Education

Summary of Changes -- Continued

	1990 Base	Change from Base
Increases:		
Program:		
6. Increase in funds for the National Science Scholars program, to encourage excellence in mathematics and science scholarship........................	---	+$5,000,000
7. Increase in funds for Patricia Roberts Harris Graduate Fellowships to assist minorities and women to undertake graduate study in fields in which they have been traditionally underrepresented.....	$16,034,000	+1,746,000
8. Increase in funds for Minority Participation in Graduate Education to support talented minority students preparing for graduate study.....................	3,547,000	+2,547,000
9. Increase in funds for Graduate Assistance in Areas of National Need program to encourage graduate study in areas of national need...............................	15,793,000	+9,690,000
Subtotal...................		+65,837,000
Decreases:		
Program:		
1. Elimination in funds for Innovative Projects for Community Services to curtail Federal expenditures for nonessential, duplicative purposes.	1,481,000	-1,481,000

Higher Education

Summary of Changes -- Continued

	1990 Base	Change from Base
Decreases:		
Program:		
2. Elimination of funds for Cooperative Education to curtail Federal expenditures for non-essential programs that have achieved their goals...............	$13,445,000	-$13,445,000
3. Elimination of funds for Law School Clinical Experience to curtail Federal expenditures for a non-essential program that has achieved its goal..................	4,935,000	-4,935,000
4. Reduction of funds for Interest Subsidy Grants to reflect the current level of mandatory payments...........................	22,449,000	-1,549,000
5. Elimination of funds for Assistance to Guam to curtail Federal expenditures for nonessential, duplicative purposes...............	494,000	-494,000
6. Elimination of funds for the Margaret Chase Smith Library Center in Skowhegan, Maine, to reflect the one-time nature of the 1990 appropriation.................	2,468,000	-2,468,000
7. Elimination of funds for Veterans' Education Outreach to curtail Federal expenditures for non-essential programs that have.......	2,801,000	-2,801,000
8. Reduction of funds for Patricia Roberts Harris Public Service Fellowships to begin phasing out Federal expenditures for this non-essential, duplicative program...........................	3,277,000	-2,088,000

Higher Education

Summary of Changes — Continued

	1990 Base	Change from Base
Decreases:		
Program:		
9. Decrease in funds for Jacob K. Javits Fellowships to begin phasing out this nonessential, duplicative program................	$ 7,896,000	-$2,472,000
Subtotal............		-31,733,000
Net change..........		+34,104,000

Higher Education

Authorizing Legislation

Activity	1990 Authorized	1990 Appropriation	1991 Authorized	1991 Request
1. Aid for institutional development (HEA, Title III):				
a. Strengthening institutions (Part A)......	Indefinite	$82,911,000	Indefinite	$86,631,000
b. Strengthening HBCUs (Part B, Section 323)	Indefinite	83,898,000	Indefinite	83,898,000
c. Strengthening historically black graduate institutions (Part B, Section 326)..................	Indefinite	11,468,000	Indefinite	11,468,000
d. Endowment grants (Part C, Section 332)...	Indefinite	12,893,000 1/	Indefinite	17,893,000
e. HBCU endowment grants (Pending legislation)..........................	($10,000,000)	5,000,000 1/	($20,000,000)	15,000,000
Subtotal................	Indefinite	196,170,000	Indefinite	214,890,000
2. Program development:				
a. Fund for the Improvement of Postsecondary Education (HEA, Title X, Part A)........	Indefinite	11,702,000	Indefinite	11,702,000
b. Minority science improvement (HEA, Title X, Part B, Subpart 1)............	2/	5,416,000	2/	5,633,000
c. Innovative projects for community services (HEA, Title X, Part C).........	Indefinite	1,481,000	Indefinite	—
d. International education and foreign language studies:				
(1) Domestic programs (HEA, Title VI)...	Indefinite	34,658,000	Indefinite	34,658,000
(2) Overseas programs (Fulbright-Hays Act, Section 102(b)(6)............	Indefinite	5,136,000	Indefinite	5,136,000

Higher Education

Authorizing Legislation -- Continued

Activity	1990 Authorized	1990 Appropriation	1991 Authorized	1991 Request
2. Program development:				
e. Cooperative education (HEA, Title VIII)..	Indefinite	$13,445,000	Indefinite	—
f. Law school clinical experience (HEA, Title IX, Part F)......................	Indefinite	4,935,000	Indefinite	—
g. Student literacy corps (HEA, Title I, Part D)..................................	$10,000,000	5,042,000	Indefinite	$5,042,000
3. Interest subsidy grants (HEA, Title VII, Part D)..................................	Indefinite	22,449,000	Indefinite	20,900,000
4. Special grants:				
a. Assistance to Guam (HEA, Title XII, Section 1204(c)).........................	2,000,000	494,000	2,000,000	—
b. Margaret Chase Smith Library (Pub. L. 100-202,Section 140(b))........	3/	2,468,000	3/	—
5. Aid for students:				
a. Special programs for the disadvantaged (HEA, Title IV, Part A, Subpart 4)......	Indefinite	241,822,000	Indefinite	269,739,000
b. Support services:				
(1) Veterans' education outreach (HEA outreach (HEA, Title IV, Part A, Subpart 7, Section 420A)..........	Indefinite	2,801,000	Indefinite	—

Higher Education

Authorizing Legislation -- Continued

Activity	1990 Authorized	1990 Appropriation	1991 Authorized	1991 Request
5. Aid for students:				
b. Support services:				
(2) Legal training for the disadvantaged (HEA, Title IX, Part E).............	Indefinite	$2,468,000	Indefinite	$2,468,000
(3) School, college and university partnerships (HEA, Title V, Part B).	Indefinite	2,961,000	Indefinite	2,961,000
c. Scholarships and fellowships:				
(1) Robert C. Byrd honors scholarships (HEA, Title IV, Part A, Subpart 6)..	Indefinite	8,627,000	Indefinite	8,627,000
(2) National science scholars (Pending legislation)........................	---	---	To be determined	5,000,000
(3) Paul Douglas teacher scholarships (HEA, Title V, Part D, Subpart 1)...	Indefinite	14,922,000	Indefinite	14,922,000
(4) Patricia Roberts Harris graduate fellowships (HEA, Title IX, Part B).	Indefinite	16,034,000	Indefinite	17,780,000
(5) Patricia Roberts Harris public service fellowships (HEA, Title IX Part B)...........................	Indefinite	3,277,000	Indefinite	1,189,000
(6) Jacob K. Javits fellowships (HEA, Title IX, Part C)..................	Indefinite	7,896,000	Indefinite	5,424,000

Higher Education

Authorizing Legislation -- Continued

Activity	1990 Authorized	1990 Appropriation	1991 Authorized	1991 Request
5. Aid for students:				
c. Scholarships and fellowships:				
(7) Minority Participation in graduate education (HEA, Title IX, Part A)..	Indefinite	$3,547,000	Indefinite	$6,094,000
(8) Graduate assistance in areas of national need (HEA, Title IX, Part D)...........................	Indefinite	15,793,000	Indefinite	25,483,000
Unfunded authorizations:				
Postsecondary programs for nontraditional students (HEA, Title I, Part A).............	Indefinite	—	Indefinite	—
Challenge grants (HEA, Title III, Part C, Section 331)...............................	Indefinite	—	Indefinite	—
Cost-of-education payments (HEA, Title IV, Part A, Subpart 7, Section 420).............	Indefinite	—	Indefinite	—
Special child care services (HEA, Title IV, (Part A, Subpart 8).........................	Indefinite	—	Indefinite	—
Undergraduate facilities construction grants (HEA, Title VII, Part B)....................	Indefinite	—	Indefinite	—
Academic facilities construction grants (HEA, Title VII, Part B)....................	Indefinite	—	Indefinite	—

Higher Education

Authorizing Legislation -- Continued

Activity	1990 Authorized	1990 Appropriation	1991 Authorized	1991 Request
Academic Health Education Center (HEA, (Title VII, Part G, Section 772)	$77,000 4/	—	$77,000 4/	—
Estey Hall at Shaw University (HEA, Title VII, Part G, Section 773)	24,000 5/	—	24,000 5/	—
Electronic instructional network for gifted and talented students (HEA, Title VII, Part G, Section 774)	2,000,000 6/	—	—	—
Mary McLeod Bethune Memorial Fine Arts Center (HEA, Title VII, Part G, Section 775)	264,000 7/	—	264,000 7/	—
Behavioral Science Facility (HEA, Title VII, Part G, Section 776)	55,000 8/	—	55,000 8/	—
University of Rhode Island Business Administration Program (HEA, Title VII, Part G, Section 777)	300,000 6/	—	—	—
Minority science and engineering access grants (HEA, Title X, Part B, Subpart 2)	2/	—	2/	—
Minority science and engineering administration grants (HEA, Title X, Part B, Subpart 3)	2/	—	2/	—
Economic development grants (HEA, Title XI, (Part A)	9/	—	9/	—
Urban community service grants (HEA, Title XI, Part B)	9/	—	9/	—

Higher Education

Authorizing Legislation -- Continued

Activity	1990 Authorized	1990 Appropriation	1991 Authorized	1991 Request
Martin Institute for Law and Society (Pub. L. 99-608, Section 5).................	$85,000 10/	---	$85,000 10/	---
Kansas Satellite Video Communications Center (Pub. L. 99-608, Section 5)..........	85,000 11/	---	85,000 11/	---
Law enforcement education (Omnibus Crime (Control and Safe Street Act of 1968; Law Enforcement Education Assistance Reform Act of 1979)...............................	Indefinite	---	Indefinite	---
Total definite authorizations.................	14,890,000		2,590,000	
Total appropriation...........................		$623,544,000		$657,648,000

1/ Reflects a proposed $5,000,000 set-aside for HBCU endowment grants.

2/ For any fiscal year, funds appropriated for HEA, Title X, Part B are to be allocated as follows: 50 percent for Subpart 1, 33.33 percent for Subpart 2, and 16.67 percent for Subpart 3.

3/ The authorizing language establishes a ceiling of $5,000,000 and stipulates that the funds will remain available until expended.

4/ A total of $1,800,000 is authorized for this project. For fiscal year 1988, $1,723,000 of these funds were appropriated.

5/ A total of $550,000 is authorized for this project. For fiscal year 1988, $526,000 of these funds were appropriated.

6/ One-time only authorization; funds are available until expended.

Authorizing Legislation — Continued

7/ A total of $6,200,000 is authorized for this project. For fiscal year 1988, $5,936,000 of these funds were appropriated.

8/ A total of $1,300,000 is authorized for this project. For fiscal year 1988, $1,245,000 of these funds were appropriated.

9/ For any fiscal year, funds appropriated under HEA, Title XI are to be allocated as follows: 66.67 percent for Part A, and 33.33 percent for Part B.

10/ A total of $6,000,000 is authorized for fiscal years 1987-1990. For fiscal years 1987 and 1988, $5,915,000 of these funds were appropriated.

11/ A total of $6,000,000 is authorized for this project. For fiscal years 1987 and 1988, $5,915,000 of these funds were appropriated.

Higher Education

Table of Estimates and Appropriations

	Estimate to Congress	House Allowance	Senate Allowance	Appropriation[1]
1982	$334,535,000	$387,703,000	$372,300,000	$393,023,000
1983	268,552,000	400,990,000	383,940,000	422,176,000
1984	204,716,000	404,270,000	441,566,000	416,001,000
1985	252,071,000	459,391,000	449,215,000	479,083,000
1985 Reappropriation	15,200,000	17,700,000	17,700,000	17,700,000
1986	252,078,000	450,238,000	438,646,000	455,238,000
1986 Sequester				-19,575,000
1986 Proposed Rescission	-180,882,000	---	---	---
1987	261,578,000	29,500,000	454,428,000	479,128,000
1987 Proposed Rescission	-203,050,000	---	---	---
1987 Supplemental	---	2,607,000	---	3,300,000
1988	176,111,000	584,450,000	512,448,000	534,471,000
1989	450,195,000	577,368,000	553,508,000	565,729,000
1990	550,037,000	634,976,000	620,711,000	632,736,000
Sequester				-8,205,000
1991	657,648,000			

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[1] Reflects enacted supplementals, rescissions, and reappropriations in amounts appropriated prior to fiscal year 1985.

Higher Education

Significant Items in Congressional Appropriations Reports

Item	Action taken or to be taken
1990 House Report	
Mississippi Valley University	
The Committee urges the Secretary to provide a maximum level of support to Mississippi Valley State University under Title III, Part B, Strengthening Historically Black Colleges and Universities.	Title III, Part B — Strengthening Historically Black Colleges of Universities — is a formula grant program. The formula for awarding funds under this program is contained in the statute. If it meets basic eligibility criteria, Mississippi Valley State University will receive the maximum amount for which it qualifies under the formula.
HBCU Endowment set-aside	
The Committee expects a reprogramming of funds should the proposal to allocate $10 million of the Title III Endowment Challenge Grant funds for HBCUs be enacted. If legislation is not enacted prior to the start of the next program year, the funds are to be allocated under Part C.	The Department has submitted a language-only supplemental request for fiscal year 1990 to set aside $5 million of the Title III Endowment Grant funds for HBCUs. Under the fiscal year 1991 request, the Part C set-aside for HBCUs would be increased to $15 million.
International Education Centers	
The Committee includes an increase over the 1989 appropriation of $9.3 million for domestic programs, of which a portion is to be used to establish or expand centers in international business education similar to those authorized in the 1988 Trade Act (P.L. 100-148); and $1 million is for grants for up to two foreign language resource centers to identify the national need for critical language training and to provide programmatic responses to those needs. Grants are to be made in consultation with the Secretary of Defense.	The Secretary is continuing to review various options for the use of additional funds provided for the domestic programs. At the present time, it is anticipated that the post-sequester amount of $4.7 million will be available for the Centers for International Business Education program. In addition, the post-sequester amount of $800,000 will be used to award two grants for foreign language resource centers. The Secretary believes that this lesser amount will be adequate for this purpose.

Higher Education

Significant Items in Congressional Appropriations Reports

Item	Action taken or to be taken
1990 House Report -- Continued	
Upward Bound	
The Committee expects the Secretary to fund 35 additional Upward Bound awards in the TRIO program from "already approved but unfunded" applications.	In early 1990, the Secretary plans to make awards to the 25 projects which, in the 1990-91 competition, ranked immediately below the cut-off score. The Department would like to note that no applications were "already approved but unfunded." Awards are made on a competitive basis from among all applications which meet the basic statutory criteria.
Ronald E. McNair Awards	
The Committee expects the Secretary to make a substantial number of new awards under the Ronald E. McNair Post-baccalaureate Achievement Program.	The Secretary plans to hold a competition for new grants under this program during fiscal year 1990. At this time, he anticipates using approximately $1.46 million for this purpose.
Law School Clinical Experience Evaluation Study	
The Committee intends that $150,000, the increase over the 1989 level, support a national evaluation conference, to be held during fiscal year 1990, to review thoroughly the clinical programs so that future funding can be used in the most effective and efficient manner. 1/	A conference will be convened in fiscal year 1990. A task order is currently being prepared under the Department's existing conference planning contract. Cost information will be available once the contractor responds to the task order. Although program funds cannot, by law, be used for this purpose, the Department plans to hold such a conference using administrative funds.

Higher Education

Significant Items in Congressional Appropriations Reports

Item	Action taken or to be taken
1990 Senate Report	
Foreign Language Resource Centers	
The Senate concurs with the expectation of the House that $1 million shall be used for up to two foreign language resource centers focused on critical language training. Noting that last year the Universities Service Centre in Hong Kong--a major research library of contemporary Chinese affairs--passed from American control due to lack of resources, the Senate encourages the Secretary to review carefully the funding requests from the overseas research centers and to consider their important work when making grants for this appropriation.	The Secretary intends to use $800,000 of the domestic program's funding to award two grants for foreign language resource centers. The Secretary believes that this lesser amount will be adequate for this purpose. It should be noted that the International education and foreign language studies programs have not provided funds to support the Universities Service Centre in Hong Kong. The programs were not designed to support such centers and authorizing legislation would be required. The Department will consider this issue in the development of reauthorization proposals for Title VI of the Higher Education Act. The Department would like to assure the Congress that all funding requests for all programs are carefully reviewed and their relative merits are considered as funding decisions are made.
International Business Education Centers	
The Senate includes $5 million for the expansion of the Centers for International business education program, with reduced second year continuation awards to 1989 grantees as well as a new, larger competition for 3-year awards in 1990.	The Secretary is continuing to review various options for the use of additional funds provided under the domestic programs. At the present time, it is anticipated that $4.7 million ($5 million less amounts sequestered under P.L. 99-177) will be available for the Centers for international business education program. Continuation awards will not be reduced, in accordance with Conference report direction.

Significant Items in Congressional Appropriations Reports

Item	Action taken or to be taken
1990 Senate Report -- Continued	
Community College Demonstration Grant	
The Committee directs the Secretary to use not less than $400,000 to support curriculum or equipment costs through a demonstration grant,to a community college conducting a partnership program linking secondary schools and a university that emphasizes low-income student advancement to higher education and degree completion, leading to employment. The Committee notes that Indian Hills Community College in Ottumwa, Iowa, would be ideally suited to conduct this project, and that the Secretary chose to ignore the Committee's intent regarding this matter in 1989. In 1990, the Committee expects the Secretary to issue an invitational priority for the project described above. 1/	The Secretary plans to hold a competition for funding under this program that will include the invitational priority described in the Senate report.

Higher Education

Significant Items in Congressional Appropriations Reports

Item	Action taken or to be taken
1990 Conference Report	
International Business Education Centers	
The Committee expects that not less than $5 million of the international education domestic programs funding be used to support the international business education centers initiative authorized by Section 6262 (P.L. 100-418). The Committee notes that 1989 grantees would be permitted to compete for expanded levels of funding in 1990, and expects continuing projects to be considered on an equal basis with new applications.	At the present time, it is anticipated that $4.7 million ($5 million less amounts sequestered under P.L. 99-177) will be available to fund the Centers for International Business Education in 1990. It is estimated that the five 1989 grantees would be eligible to compete for $325,000, a $176,800 increase in the total amount awarded to the five grantees in 1989.
Upward Bound	
The Committee directs the Secretary to use $7,000,000 to fund 25 additional Upward Bound awards from "approved but unfunded" applications from the recently held competition.	In early 1990, the Secretary plans to make awards to the 25 projects which, in the 1990-91 competition, ranked immediately below the cutoff score. The Department would like to note that no applications are ever "approved but unfunded." Awards are made on a competitive basis from among all applications which meet basic statutory eligibility criteria.

1/ Also included in the 1990 conference report.

Higher Education

Account Summary

	1989 Appropriation	1990 Appropriation	1991 Request
1. Aid for institutional development:			
a. Strengthening institutions...	$77,459,000	$82,911,000	$86,631,000
b. Strengthening HBCUs..........	73,554,000	83,898,000	83,898,000
c. Strengthening historically black graduate institutions	10,868,000	11,468,000	11,468,000
d. Endowment grants............	12,696,000	12,893,000	1/ 17,893,000
e. HBCU endowment grants........	---	5,000,000	1/ 15,000,000
Subtotal....	174,577,000	196,170,000	214,890,000
2. Program development:			
a. Fund for the Improvement of Postsecondary Education....	11,856,000	11,702,000	11,702,000
b. Minority science improvement.	5,307,000	5,416,000	5,633,000
c. Innovative projects for community services...........	1,454,000	1,481,000	---
d. International education and foreign language studies:			
(1) Domestic programs.......	25,855,000	34,658,000	34,658,000
(2) Overseas programs.......	5,203,000	5,136,000	5,136,000
Subtotal....	31,058,000	39,794,000	39,794,000
e. Cooperative education........	13,622,000	13,445,000	---
f. Law school clinical experience.................	3,952,000	4,935,000	---
g. Student literacy corps.......	4,940,000	5,042,000	5,042,000
3. Academic facilities:			
a. Interest subsidy grants......	22,744,000	22,449,000	20,900,000
4. Special grants:			
a. Assistance to Guam...........	473,000	494,000	---
b. Robert A. Taft Institute of Government................	709,000	---	---

Higher Education

Account Summary — Continued

	1989 Appropriation	1990 Appropriation	1991 Request
c. Special higher education projects:			
(1) Urban Education Foundation.............	$1,600,000	---	---
(2) Margaret Chase Smith Library Center in Skowhegan, Maine.......	---	$2,468,000	---
Subtotal....	2,782,000	2,962,000	---
5. Aid for students:			
a. Special programs for disadvantaged................	219,257,000	241,822,000	$269,739,000
b. Support services:			
(1) Veterans' education outreach...............	2,838,000	2,801,000	---
(2) Legal training for the disadvantaged..........	1,892,000	2,468,000	2,468,000
(3) School, college and university partnerships	2,760,000	2,961,000	2,961,000
c. Scholarships and fellowships:			
(1) Robert C. Byrd honors scholarships...........	8,200,000	8,627,000	8,627,000
(2) National science scholars	---	---	5,000,000
(3) Paul Douglas teacher schlorships............	15,235,000	14,922,000	14,922,000
(4) Patricia Roberts Harris graduate fellowships...	15,711,000	16,034,000	17,780,000
(5) Patricia Roberts Harris public service fellowships............	3,320,000	3,277,000	1,189,000
(6) Jacob K. Javits fellowships............	7,904,000	7,896,000	5,424,000
(7) Minority participation in graduate education..	3,476,000	3,547,000	6,094,000
(8) Graduate assistance in areas of national need..................	12,844,000	15,793,000	25,483,000
Total.......	565,729,000	623,544,000	657,648,000

1/ Reflects a proposed $5,000,000 set-aside for HBCU endowment grants.

Higher Education

Account Summary — Continued

The President's 1991 budget request for Higher Education supports three main goals:

1. Improving educational access, opportunity, and retention for minorities and the disadvantaged.

2. Supporting educational excellence through research, teacher training, and rewards for outstanding scholarship and quality performance.

3. Strengthening our Nation's competitive position in the world marketplace by improving the quality of education in areas of national need, such as science, mathematics, engineering, and foreign languages.

Educational Opportunities for the Disadvantaged

The first goal continues the historical focus of the Higher Education programs, which is to support the Federal commitment to disadvantaged populations. In 1991, the President proposes to increase funding to activities that assist institutions serving disadvantaged and minority students or that provide financial aid and support services directly to disadvantaged students.

Increased funds are requested to provide expanded support in two important programs--Aid for Institutional Development (Title III) and Special Programs for the Disadvantaged (TRIO). The requested increase in Part C of Title III reflects the President's continuing commitment to Historically Black Colleges and Universities (HBCUs), by including a substantial set-aside for HBCUs. The Part C request would encourage HBCUs and other institutions serving large numbers of disadvantaged students to build their endowment funds and thereby achieve financial stability and self-sufficiency. The 10-percent increase in TRIO funding would support projects designed to promote access to and persistence in postsecondary education for individuals from disadvantaged backgrounds. For example, one initiative begun in fiscal year 1989 addresses the high dropout rate among our Nation's disadvantaged students by focusing more of the Talent Search counseling services on seventh and eighth graders.

To improve access to graduate education for minority and disadvantaged students, the President is requesting increased funding for four graduate programs. One of these--the Patricia Roberts Harris Graduate and Professional Study fellowships program--assists needy minority students and individuals from traditionally underrepresented groups to pursue advanced degrees in areas of national need. Increased funding for Legal Training for the Disadvantaged would provide pre-law support and increased law school financial aid to a greater number of disadvantaged students. The Minority Participation in Graduate Education increase would provide 72 percent more minority and disadvantaged students with effective preparation for graduate study.

Higher Education

Account Summary -- Continued

The Student Literacy Corps program, which supports literacy tutoring services at public community agencies serving educationally or economically disadvantaged individuals would be maintained. The School, College, and University Partnership program, which helps low-income students enhance their postsecondary education or employment opportunities by improving their academic skills, would be funded at the same level as the 1990 appropriation.

Educational Excellence

The Higher Education programs promote excellence by:

- Encouraging individual excellence through continued funding to merit-based programs such as the proposed National Science Scholars program and the Robert C. Byrd Honors Scholarships program.
- Promoting institutional excellence through programs of teacher training, such as the Paul Douglas Teacher Scholarships.
- Sponsoring innovative research leading to development and dissemination of effective educational practices, through maintained funding to the Fund for the Improvement of Postsecondary Education.

Education in Areas of National Need

The world marketplace is highly competitive and increasingly technological. By the year 2000 our Nation will need 36 percent more scientists, mathematicians, and engineers. [1]

The competitive position of the United States in the future is directly dependent on providing the young people of today with first-rate educational opportunities in critical areas of national need, such as science, mathematics, and engineering and foreign languages.

The President is requesting increased funding for a number of programs designed to ensure that the United States will have the trained, technologically sophisticated workforce it will need. One of these programs--the President's proposed National Science Scholars--would provide tangible rewards for individual excellence by awarding scholarships to outstanding high school science and mathematics students who continue these studies at the postsecondary level. Another fellowship program, Graduate Assistance in Areas of National Need, assists needy minority students to prepare for careers in areas of national need.

Demographic trends also indicate that by the year 2000, one-third of all school-age children in the United States will be black, Hispanic, Asian,

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[1] From a speech by Dr. Robert Brown, National Aeronautics and Space Administration, before the House Committee on Science, Space, and Technology, May 24, 1989.

Higher Education

Account Summary — Continued

or Native American. Minorities are expected to double their share of the Nation's workforce. 2/ Many of the urgently needed new scientists and engineers will have to come from these groups, which have traditionally been underrepresented in technological fields. Therefore, an important component of the 1991 Higher Education mathematics/science initiative is the provision of expanded opportunities within these fields for traditionally underrepresented groups.

The President is requesting an increase in funding to the Minority Science Improvement Program (MSIP), which provides grants to strengthen science and mathematics instruction at institutions enrolling large numbers of minority or low-income students. The President is also requesting increased funding for both the Graduate Assistance in Areas of National Need and the Minority Participation in Graduate Education Programs. A mathematics and science initiative is included in the Upward Bound program of the TRIO program to prepare disadvantaged high-school students for higher education in these areas.

The requested funding for International Education and Foreign Language Studies (IEFLS) would support activities directly related to important trade, defense, diplomatic, and other security needs of the United States. The Department's activities in this area complement activities suppported with funds from other Federal agencies.

The President is not requesting funding for a number of programs that have achieved their purpose or are duplicative of other aid programs available from the Government or from non-Federal sources. This category includes Innovative Projects for Community Service, Cooperative Education, Law School Clinical Experience, Assistance to Guam, Robert A. Taft Institute of Government, Urban Education Foundation, and Veterans' Education Outreach.

The budget request for Interest Subsidy Grants is limited to the amount needed to support mandatory payment of interest subsidies on the existing portfolio of higher education facilities loans.

The overall goals of the Higher Education programs, as they pertain to the particular programs mentioned above, are discussed in greater detail within the individual activity requests.

2/ National Association of Independent Colleges and Universities, April 14, 1989.

1. Aid for institutional development (Higher Education Act of 1965, Title III)

1991 Authorization: Indefinite

Budget Authority:

	1990 Appropriation	1991 Request	Increase or Decrease
Strengthening institutions	$82,911,000	$86,631,000	+$3,720,000
Strengthening HBCUs....	83,898,000	83,898,000	—
Strengthening HGBIs....	11,468,000	11,468,000	—
Endowment grants.......	12,893,000 1/	17,893,000	+5,000,000
HBCU endowment grants..	5,000,000 1/	15,000,000	+10,000,000
Total...............	196,170,000	214,890,000	+18,720,000

1/ Reflects proposed supplemental language to transfer $5,000,000 from Part C Endowment Grants to HBCU Endowment Grants.

Purpose and Method of Operation

The Aid for Institutional Development programs (commonly referred to as the Title III programs) provide financial assistance to enable eligible institutions to solve problems that threaten their ability to survive, to stabilize their management and fiscal operations, and to build endowments. Funding is focused on institutions which enroll large proportions of disadvantaged students. An important objective of these programs is for participating institutions to improve their program and management and to become financially independent.

From its outset, one of the primary missions of the Title III programs has been to support the Nation's historically black colleges and universities (HBCUs). Nearly all HBCUs have received Title III funds over the past 20 years. Beginning in fiscal year 1984, the annual appropriation bill required that a specific amount of the total Title III appropriation be awarded to HBCUs. The Higher Education Amendments of 1986 authorized two new HBCU-only programs. An earmark of appropriations for these programs replaced the previous setaside. The 1991 request would set aside an additional $15 million for HBCUs under Part C — Endowment Challenge Grants. The total amount reserved for these institutions would increase by $10 million in fiscal year 1991 to $110.366 million.

The authorizing legislation establishes several current-funded Title III programs for which funds are available from October 1 to September 30. The Endowment Challenge Grant program, for which funds are available indefinitely, is the only exception.

Purpose and Method of Operation — Continued

- Strengthening Institutions (Part A) supports three funding competitions for discretionary grants: 1-year planning grants, 3-year renewable development grants, and 4- or 5-year development grants that may not be renewed until an amount of time equal to the number of years of the grant has passed. Institutions may use their Part A funds to plan, develop, and implement activities for: faculty and academic program development, funds and administrative management, joint use of libraries and laboratories, acquisition of equipment to be used in strengthening fiscal management and academic programs, and student services.

  To participate in the Strengthening Institutions program an institution must: award a bachelor's degree or be a junior or community college; provide an educational program legally authorized by the State in which it is located; and have been accredited for 5 academic years, or be making reasonable progress toward accreditation. An institution must also have low average educational and general expenditures per full-time equivalent undergraduate student, and include in its enrollment a significant percentage of financially needy students. The enrollment of needy students criterion may be met if a substantial percentage of its enrolled students are Pell Grant recipients, or if 50 percent of its enrolled students are Title IV need-based aid recipients. The statute provides possible waivers of most of these requirements for certain groups of institutions, particularly those with specified enrollments of minority students. Special consideration for funding is given to institutions that have limited endowment funds or low expenditures for library materials. HBCUs may participate in either Part A or Part B, but not both. In 1989, only one HBCU chose to participate in Part A.

  When the Part A appropriation equals or exceeds $61 million, not less than $51.4 million must be made available to 2-year institutions, and 25 percent of the funds in excess of $61 million must be made available to eligible institutions with the highest percentage of students who are black, Hispanic, Asian American, Native Hawaiian, and/or Pacific Islander.

- Strengthening Historically Black Colleges and Universities (Part B) is a formula grant program for HBCUs designed to help them improve their programs and management and hence enhance educational opportunities for their students. It also is intended to facilitate a decrease in reliance on governmental financial support over the long-term and to encourage development of endowments and private sources of funding. Part B funds may be used to establish or strengthen the physical plants, financial management, academic resources, and endowments of HBCUs. A Part B eligible institution is any accredited, legally authorized HBCU that was established prior to 1964 and whose principal mission was, and is, the education of black Americans. The Part B appropriation is allotted among HBCUs based on

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Purpose and Method of Operation — Continued

the number of Pell Grant recipients enrolled, the number of graduates, and the percentage of graduates who are attending graduate or professional school in degree programs in which blacks are underrepresented. The statute provides for a $350,000 minimum allotment for each eligible institution.

- Strengthening Historically Black Graduate Institutions (HBGIs) (Section 326) authorizes 5-year grants to the following five postgraduate institutions: Morehouse School of Medicine, Meharry Medical School, Charles R. Drew Postgraduate Medical School, Atlanta University, and Tuskegee Institute of Veterinary Medicine. Except for a minimum set-aside of $3 million for Morehouse School of Medicine (which must be matched dollar-for-dollar), Section 326 grants are limited to $500,000 unless the institution agrees to match the entire grant. Institutions may use Section 326 grants for any Part B purpose, and to establish an endowment or a development office to increase contributions from private sources.

- Endowment Challenge Grants (Part C) enable eligible institutions to establish or increase institutional endowment funds. In general, 2-year, 4-year, or graduate institutions that are eligible for Part A or B are also eligible for endowment challenge grants. An institution may receive up to two endowment grants in any 5-year period. Individual grants may not exceed $500,000 or be less than $50,000 and must be matched dollar-for-dollar by the institution. However, if the Part C appropriation exceeds $10 million, the Federal-institutional match for endowment challenge grants of $1 million or more is $2 Federal to $1 institutional; recipients of such grants are prohibited from reapplying for a period of 10 years.

  The Federal grant and the institution's matching funds (which together make up the endowment corpus) must be invested in low-risk securities such as a federally insured bank savings account or a comparable interest bearing account, certificate of deposit, money market fund, or mutual fund. For a 20-year period after the grant is awarded, institutions may not spend the endowment corpus but may spend up to one-half of the interest earned on any institutional expense.

Accomplishments

Since first funded in 1966 with an appropriation of $5 million, these programs have provided over 7,668 grants totaling over $2 billion in Federal financial assistance to the Nation's developing colleges and universities. Characteristically, these institutions are limited in their ability to attract students, engage outstanding faculty, offer diverse curricula, or acquire adequate financial resources. Grants have been made

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Accomplishments — Continued

to help them overcome these handicaps and to develop the basic strengths needed to secure financial stability and academic improvements. Title III has helped support institutions providing educational opportunities for many minority, low-income, and disadvantaged students.

1991 Budget Proposal

For fiscal year 1991, the Department is requesting $214.890 million for Aid for Institutional Development, which is $18.720 million more than the fiscal year 1990 appropriation. This request demonstrates the President's continuing commitment to strengthening institutions that provide a significant avenue of postsecondary education access and opportunity for minorities and the financially disadvantaged.

The fiscal year 1991 request would increase the fiscal year 1990 levels for the HBCU programs by 10 percent. Of the total amount requested for Title III, $83.898 would be available to HBCUs under the Part B formula grant program and $11.468 would be available to HBGIs under Section 326. In fiscal year 1990, the Administration will request that the $5 million increase in Part C be set aside for HBCUs. In fiscal year 1991, the Part C HBCU set-aside would increase to $15 million and an additional $17.893 million, $5 million more than the 1990 level, would be available to both HBCUs and other needy institutions. Fiscal year 1991 support for Part A grants would total $86.631 million.

Focusing almost 50 percent of the Title III funds on HBCUs would continue the historical emphasis of the programs on assisting these black institutions of higher education. This policy recognizes the significant contribution these institutions have made in promoting educational opportunity for the disadvantaged. HBCUs were the primary source of postsecondary education for blacks prior to the Supreme Court's desegregation rulings, and they continue to play a key role in enhancing educational opportunity for the disadvantaged. Because of student preferences, location, and institutional mission, HBCUs continue to enroll a disproportionate number of minorities and low-income students, including 30 percent of all blacks enrolled in postsecondary education. The 1991 request reflects the Department's interest in maintaining the historical focus of the Title III program on these institutions.

The budget request includes $17.3 million for the Endowment Challenge Grant program, a 39-percent increase over the fiscal year 1990 appropriation level. This program is designed to help developing institutions (both HBCUs and non-HBCUs) move toward financial stability and self-sufficiency by building endowments. In addition, $15 million is requested specifically for HBCU endowment grants.

1991 Budget Proposal — Continued

To help institutions serving disadvantaged populations, the budget request includes funding for new and non-competing continuation grants under the Part A Strengthening Institutions program. The Federal funds would help such institutions stabilize their management and fiscal operations. The request level is necessary to fully fund all continuation grants to 2-year and 4-year institutions, as well as to meet the statutory set-asides for junior and community colleges and institutions serving minority populations.

Impact Data	1989	1990	1991
Strengthening HBCUs:			
Number of grants	98	98	98
Total allocation	$73,554,000	$83,898,000	$83,898,000
Strengthening HBGIs:			
Number of grants	5	5	5
Total allocation	$10,868,000	$11,468,000	$11,468,000
Endowment Grants:			
Number of grants	20	20	28
Total allocation	$12,696,000	$12,893,000	$17,893,000
HBCU endowment grants			
Number of grants	—	8	24
Total allocation	—	$5,000,000	$15,000,000
Strengthening Institutions:			
Number of new grants	99	72	57
Number of non-competing continuation grants	170	196	224
Total number of grants	269	268	281
Total allocation	$77,459,000	$82,911,000	$86,631,000
Total—all Title III:			
Number of grants	392	399	436
Total budget authority	$174,577,000	$196,170,000	$214,890,000

2. Program development: a. Fund for the Improvement of Postsecondary Education
(Higher Education Act of 1965, Title X, Part A)

1991 Authorization: Indefinite

Budget Authority:

1990 Appropriation	1991 Request	Increase or Decrease
$11,702,000	$11,702,000	---

Purpose and Method of Operation

The Fund for the Improvement of Postsecondary Education (FIPSE) stimulates improvements in education beyond high school by supporting exemplary, locally developed projects with potential to encourage educational improvement and equal educational opportunity for all.

Small discretionary grants and contracts are awarded competitively to a variety of postsecondary institutions and agencies, including 2- and 4-year colleges and universities, State educational agencies, community-based organizations, and other institutions and organizations concerned with education beyond high school. Awards are made under the following programs:

- Comprehensive Program: FIPSE supports a variety of action-oriented improvement projects under this program. Projects span the full range of postsecondary issues, including improvement in the quality of education, expansion of educational access, integration of education and work, initiation of partnerships between schools and businesses, cost-effectiveness and delivery of appropriate educational services. Projects may receive support for 1-, 2-, or 3-year periods. Funds for the second and third years are awarded non-competitively.

- Final-Year Dissemination Grants: A small number of grants support the dissemination of information about selected Comprehensive program projects in their final year to other institutions, thus increasing the effectiveness of FIPSE grants in advancing educational reforms. The project period may not exceed 12 months.

- Lecture Series: This program provides modest sponsorship for promising work on key issues in postsecondary education, and promotes dissemination and discussion of this work among educational leaders, policymakers, faculty, students and the general public. The program enables individuals to devote at least a month to the development of ideas for presentation in lecture form at educational and other conferences, or in the context of established lecture programs such as those at colleges and universities. The project period may not exceed 12 months.

Purpose and Method of Operation -- Continued

In 1990, FIPSE solicited comprehensive program applications that would:

- Ensure that undergraduate curricula provide the knowledge and skills needed by educated citizens;
- Ensure that recent increases in access to postsecondary education are made more meaningful by improving retention rates without compromising program quality;
- Make campus culture more conducive to academic commitment by all postsecondary students;
- Clarify the ends and purposes of international education at particular institutions, create or renew courses or programs in international education, and assess the effectiveness of these courses or programs in meeting their objectives;
- Reform the education of school teachers by (i) increasing prospective teachers' mastery of the subjects they will teach, (ii) ensuring that prospective teachers have a solid grounding in the traditional arts and sciences, and (iii) broadening the customary preparation in pedagogy to include subject-specific pedagogy and attention to the cultural and learning-style differences in our increasingly diversified school population;
- Develop faculty as teachers by (i) recognizing and rewarding effective teaching through appointment, promotion, and compensation policies, (ii) disseminating proven but unappreciated pedagogies, (iii) providing new opportunities for faculty to stay current with scholarship in the broad range of areas they typically teach, and (iv) facilitating the best possible match between faculty members and institutions;
- Reform graduate education by (i) improving the preparation of Ph.D. candidates bound for college teaching careers, and (ii) broadening the social and ethical perspectives of students in graduate and professional programs generally;
- Improve the quality of undergraduate and graduate education by developing means for assessing student learning and strategies for tying the results of assessment to improvements in the educational process;
- Make the financial practices of postsecondary institutions as conducive as possible to the achievement of the educational objectives of students, institutions themselves, and the Nation by, for example, moderating increases in tuition and revising pricing and aid policies;
- Make postsecondary education responsive to changes in the Nation's economy; and

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Purpose and Method of Operation — Continued

- Develop innovative educational applications for new and newly-available electronic technologies.

FIPSE is a current-funded program for which funds are available for obligation from October 1 to September 30.

Accomplishments

Since its inception in 1972, the Comprehensive program has supported more than 1,330 separate projects totalling over $188 million. The average awards have been $60,000-$70,000, with maximum awards about $150,000. Although locally-developed, the projects have stimulated improvements in the quality of postsecondary education throughout the Nation through conferences, the Lecture Series, and Final-Year Dissemination Grants. Over the years, the projects have: helped students gain access to postsecondary education; facilitated and nurtured the development of assessment; encouraged experiential education; promoted faculty development; helped improve graduate education in general, and minority and female access and retention in particular; supported teacher education improvements; and encouraged the use of technology as a pedagogical tool.

The program is highly competitive. In 1988, 60 new Comprehensive program grantees were selected from 1,876 applications. In addition, 118 non-competing continuation awards were made. Of these 178 awards, 9 percent went to 2-year public institutions; 51 percent went to 4-year public institutions; 26 percent went to 4-year private institutions; and 14 percent went to other organizations and individuals. Nine of the awards went to historically black colleges and universities. In the same year, the Lecture Series topics were workplace/economy (2 awards); demographic shifts (2); curricular changes (1) and administration/leadership (1).

Approximately one-quarter ($2.9 million) of the 1990 appropriation will fund a total of 46 Comprehensive program projects supporting the improvement of postsecondary education in the teaching of mathematics, science, and related subjects.

1991 Budget Proposal

For FIPSE, $11.702 million is requested. This is the same as the fiscal year 1990 appropriation.

This request would maintain the Federal government's unique role in supporting research, improvement and educational reform in postsecondary education. Important research and development is conducted under the Comprehensive program, and information on effective practices is disseminated under the Final-Year Dissemination Grants and Lecture Series. These activities address the most significant quality issues in postsecondary education and support the

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1991 Budget Proposal — Continued

President's goal of renewing our Nation's commitment to excellence and achievement in postsecondary education.

In particular, the requested funds would also be used, in part, to address a serious problem facing the United States: reduced science and mathematics capability that is reflected in low mathematics and science literacy, reduced bachelors and doctoral degrees in these disciplines, and insufficient and poorly prepared teachers and faculty. These factors in turn threaten the United States' leadership role in technological areas. The FIPSE request would help address these problems. Approximately one-quarter (46) of the 1991 Comprehensive program projects, totalling $2.9 million, would fund activities supporting mathematics, science and related disciplines.

Impact Data	1989	1990	1991
Comprehensive program:			
New awards:			
Number of awards	75	61	66
Average award	$67,156	$65,527	$66,000
Total funds available	$5,036,676	$3,997,170	$4,326,000
Non-competing continuation awards:			
Number of awards	100	116	110
Average award	$67,058	$65,421	$66,000
Total funds available	$6,705,824	$7,588,830	$7,260,000
Total awards:			
Number of awards	175	177	176
Average award	$67,100	$65,000	$66,000
Total funds available	$11,742,500	$11,586,000	$11,586,000
Final-year dissemination grants:			
Number of awards	11	10	10
Average award	$8,000	$9,000	$9,000
Total funds available	$86,000	$86,000	$86,000
Lecture series:			
Number of awards	6	6	6
Average award	$5,000	$5,000	$5,000
Total funds available	$28,000	$30,000	$30,000
All programs:			
Number of awards	192	193	192
Budget authority	$11,856,000	$11,702,000	$11,702,000

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2. Program development: b. Minority science improvement program (Higher Education Act of 1965, Title X, Part B, Subpart 1)

1991 Authorization: Indefinite

Budget Authority:

1990 Appropriation	1991 Request	Increase or Decrease
$5,416,000	$5,633,000	+$217,000

Purpose and Method of Operation

The Minority Science Improvement program (MSIP) awards discretionary grants to enhance the capacity of minority institutions to develop and maintain quality science education programs and to increase the flow of individuals from underrepresented minority groups into the fields of science, mathematics, and engineering. Colleges and universities whose enrollment of such individuals is greater than 50 percent are eligible to receive assistance under MSIP. Grant funds are used to purchase needed equipment, to develop curricular materials, and to support advanced faculty training.

This is a current-funded program for which funds are available for obligation from October 1 to September 30.

Four categories of grants are supported with MSIP funds:

- Design project grants provide assistance to minority institutions to plan and develop long-range science improvement programs. Design projects may last for up to 12 months.

- Institutional project grants provide assistance to individual minority institutions to support implementation of comprehensive science improvement plans, which may include any combination of activities designed to improve the preparation of minority students for careers in science. Institutional projects may run for up to 36 months.

- Cooperative Project grants, which may run for up to 36 months, assist groups of nonprofit, accredited colleges and universities to work together to conduct science improvement projects.

- Special Project grants support activities that improve the quality of training in science, mathematics and engineering, enhance minority institutions' general scientific research capabilities, provide needed services to groups of eligible minority institutions, or provide in-service training for project directors and faculty from eligible minority institutions. Special projects may run for up to 24 months.

Higher Education

2. Program development: b. Minority science improvement program

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Accomplishments

MSIP is a successful program of institutional aid that began in fiscal year 1972 under the National Science Foundation Act of 1950 and was transferred to the Department of Education in 1981. Over the history of the program, approximately $90 million has been provided for projects at about 190 institutions. Department studies indicate that MSIP has been successful in improving the quality of science instruction at those minority institutions and in increasing the number of students in those institutions majoring in science. In addition, 75 percent of projects initially supported by MSIP continue to be funded with institutional funds after MSIP support ceases.

1991 Budget Proposal

For 1991, the Department proposes $5.633 million for MSIP. This is $217,000 more than the 1990 appropriation.

The request level demonstrates the President's commitment to supporting institutions that serve special underserved and underrepresented populations. Federal support would continue for the improvement of mathematics, science, and engineering programs at institutions enrolling large numbers of minorities and low-income students, particularly the historically black colleges and universities. This would supplement other assistance available to these institutions under the Title III appropriation, and to their students under the student aid programs. The request level would also promote excellence and quality in mathematics and science education.

By the year 2000, one-third of all the school-age children in the United States will be black, Hispanic, Asian, or Native American. Groups which are now minorities are expected to double their share of the workforce, and a 36-percent increase in the number of trained scientists, mathematicians, and engineers will be needed. Many of the Nation's new scientists and engineers will have to come from traditionally underrepresented groups, including women and minorities.

Impact Data 1/	1989	1990	1991
Design Projects:			
Number of projects	1	1	1
Total funds awarded	$19,000	$21,000	$21,000
Institutional Projects:			
Number of projects	15	19	19
Total funds awarded	3,341,000	$3,338,000	$3,472,000

1/ Note that there are no non-competing continuation grants in the Minority science improvement program. New competitions are held each year.

Higher Education

2. Program development: b. Minority science improvement program

Impact Data — Continued	**1989**	**1990**	**1991**
Cooperative Projects:			
Number of projects	2	2	2
Total funds awarded	$902,000	$920,000	$957,000
Special Projects:			
Number of projects	22	20	20
Total funds awarded	$1,045,000	$1,137,000	$ 1,182,000
Total—MSIP:			
Number of projects	40	42	42
Budget authority	$5,307,000	$5,416,000	$5,633,000

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2. Program development: c. Innovative projects for community services (Higher Education Act of 1965, Title X, Part C)

1991 Authorization: Indefinite

Budget Authority:

1990 Appropriation	1991 Request	Increase or Decrease
$1,481,000	---	-$1,481,000

Purpose and Method of Operation

This program supports innovative projects to determine the feasibility of encouraging student participation in community service projects in exchange for educational services or financial assistance and thereby reduce the debt acquired by students in the course of completing postsecondary educational programs.

This program is administered through the Fund for the Improvement of Postsecondary Education (FIPSE). Discretionary grants and contracts are awarded to institutions of higher education and other public agencies and nonprofit private organizations to carry out innovative projects. Awards may be for either 12 or 24 month periods with the 13-24 month award provided on a non-competition continuation basis dependent upon the availability of funds. The National Board of the Fund for the Improvement of Postsecondary Education must approve all applications to be funded.

This is a current-funded program for which funds are available for obligation from October 1 to September 30.

Accomplishments

Only 36 projects were funded under this program in fiscal year 1988. Twenty-one grants totaling slightly over $1 million were awarded in 1989. These projects proposed a variety of community service activities and a number of financial assistance mechanisms. The financial assistance--which took the form of debt forgiveness, tuition remission, scholarships, stipends, and wages--came from institutional resources, private businesses, local government and Federal Work-Study funds.

1991 Budget Proposal

For Innovative Projects for Community Services, no funds are requested. This is $1.481 million less than the fiscal year 1990 appropriation.

Higher Education

2. Program development: c. Innovative projects for community services

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1991 Budget Proposal -- Continued

It is inappropriate to support such a small categorical student assistance program which is duplicative of other programs. The concept of providing financial assistance in return for public service is adequately demonstrated under the Work-Study and Perkins Loans programs. The role of the Federal Government in this area is more appropriately expressed through the Department's existing general student financial assistance programs.

Impact Data	1989	1990	1991
Number of new awards	21	11	--
Number of non-competition continuation awards	11	21	--
Average award	$45,437	$46,281	--

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2. Program development: d. International education and foreign language studies
(Higher Education Act, Title VI; and Mutual Educational and Cultural Exchange Act of 1961, Section 102(b)(6))

1991 Authorization: Indefinite

Budget authority:

1990 Appropriation	1991 Request	Increase or Decrease
$39,794,000	$39,794,000	---

Purpose and Method of Operations

The International Education and Foreign Language Studies (IEFLS) programs are designed to strengthen the capability and performance of American education in foreign languages and in area and international studies. IEFLS programs contribute to the improvement of teaching and research, curriculum materials, availability of specialists, and general understanding of the peoples of other countries through first-hand experience overseas.

Seven major IEFLS Domestic programs authorized under Title VI of the Higher Education Act of 1965 are currently supported, including the Language Resource Centers--a Title VI program that has been authorized since 1961 but did not received funding until 1990:

- National Resource Centers support institutions of higher education (IHEs) or consortia of IHEs in establishing, operating, and strengthening advanced centers to train students, specialists, and other scholars; in maintaining important library collections and related training and research facilities; in conducting advanced research and development activities; and in providing outreach and consultative services at the national, regional, and local levels. National Resource Centers are funded for a three-year cycle, with funds allocated on an annual basis pending satisfactory performance by the center and availability of funds.

- Foreign Language and Area Studies Fellowships support academic year and summer fellowships for graduate-level training at IHEs having nationally recognized programs of excellence. Institutions compete annually for funds and, in turn, award them to individual students.

- International Studies and Foreign Language Programs support IHEs or consortia of IHEs in establishing, operating, and strengthening undergraduate instructional programs in international studies. Grant awards are normally made for projects extending over a period of two years. However, organizations, associations and institutional consortia are eligible for three years of support.

Purpose and Method of Operation — Continued

- International Research and Studies Projects support IHEs, public and private nonprofit organizations, and individuals in projects designed to determine the need for improved or increased instruction in modern foreign languages and area and international studies; to develop more effective methods of teaching foreign languages and evaluating competency; and to develop specialized curriculum materials. The Secretary funds participants through grants or contracts.

- Business and International Education Projects supports IHEs in designing short-term projects to train business personnel in various stages of their professional development and to promote linkages between IHEs and the international business community. The Federal share of the cost of the projects cannot exceed 50 percent of the total cost.

- International Business Education Centers supports IHEs by paying the Federal share of the cost of planning, establishing, and operating these centers. Grants are made for a minimum of three years. The Federal share of the cost of planning, establishing, and operating the centers can not exceed 90/70/50 percent in the first, second and third and following years, respectively. The centers provide a comprehensive university approach to improving international business education by bringing together faculty from numerous disciplines. The centers serve as national and regional resources for the teaching of improved business strategies, provide instruction in critical foreign languages and international fields, and support research and training in the international aspects of trade and other fields of study.

- Language Resource Centers support IHEs or consortia of IHEs in projects designed to improve the teaching of foreign langugages. The centers develop new teaching methods and train teachers in their use; formulate and apply proficiency testing; train teachers in the administration and evaluation of the tests; publish instructional materials in less commonly taught languages; and disseminate research results, teaching materials, and strategies to the postsecondary community.

Four major IEFLS Overseas programs (Fulbright-Hays programs) authorized under the Mutual Educational and Cultural Exchange Act of 1961 are supported:

- Group Projects Abroad supports group research, advanced training, and curriculum development overseas for periods of less than one year in length.

Purpose and Method of Operation — Continued

- Faculty Research Abroad supports opportunities for faculty members of IHEs to study and conduct advanced research overseas. Fellowships are generally reserved for scholars whose academic specialization focuses on the uncommonly taught languages and all major world areas with the exception of Western Europe. The fellowships are from 3 to 12 months in length.

- Doctoral Dissertation Research Abroad supports opportunities for graduate students to engage in full-time dissertation research overseas. Fellowships are generally reserved for students whose academic training has focused on the uncommonly taught language and all major world areas with the exception of Western Europe. The fellowships are from 6 to 12 months in length.

- Special Bilateral Projects with foreign countries supports advanced training and research through short-term institutes, academic-year seminars, and exchanges. Funds for special bilateral projects are allocated in a variety of ways, including interagency transfer agreements, contracts, and competitive grants.

IEFLS programs are administered through discretionary grants, contracts, and fellowships. A panel of non-Federal academic specialists reviews annual proposals for IEFLS projects and makes recommendations regarding the selection of grantees. Federal program staff, bi-national commissions, U.S. embassies, and the Board of Foreign Scholarships select the Overseas programs grantees following the non-Federal panel review.

A portion of each year's appropriation is used to reimburse bi-national commissions and U.S. embassies for professional and administrative support they have provided for projects and individuals funded under the Overseas programs. Services include reviewing project proposals for feasibility, political sensitivity, and cost estimates; and providing assistance to grantees in obtaining local research permits and visas.

IEFLS is a current-funded program for which funds are available for obligation from October 1 to September 30.

Accomplishments

IEFLS Domestic programs have been funded since 1959, and Overseas programs have been funded since 1964. Since that time, Federal funds have supported a variety of programs that have strengthened and improved the excellence of American foreign language and area and international studies capabilities. IEFLS programs have also helped meet the need for improvement in educational methodologies to address deficiencies in foreign language programs by

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Accomplishments — Continued

conducting research on new and improved teaching methods. In addition, these programs have contributed to an increased awareness of international issues among the American people. In recent years, IEFLS programs have promoted the study of languages and cultures not commonly taught by awarding grants for a broad range of area concentrations and in areas of critical interest to the United States, particularly those of non-Western countries.

1991 Budget Proposal

For International Education and Foreign Language Studies, a total of $39.794 million is requested—$34.658 million for the Domestic programs and $5.136 million for the Overseas programs. These amounts are the same as provided under the fiscal year 1990 appropriation.

The economic well-being and national security of the United States depend largely on our ability to understand and communicate with other nations and peoples. Approximately 25 percent of the U.S. Gross National Product is derived from foreign trade, and the proportion is growing. Almost one-third of U.S. corporate profits are generated by international business activities. Over one-third of American agricultural land produces food for export. Nevertheless, knowledge and understanding of world events among U.S. citizens is inadequate. The United States remains one of the few countries where students may graduate from a university without studying a foreign language throughout their formal education.

The promotion and development of improved foreign language teaching methodologies and research by the Department reflects its commitment to encourage more Americans to be multilingual, ultimately enhancing the Nation's ability to compete in world markets and strengthening national security. A 1989 review of the Federal Government's international education and foreign language training programs found that other Federal agencies, including the State and Defense Departments and the National Science Foundation, offer a spectrum of training for employees, students, teachers, and scholars. However, these language training programs across the Federal Government primarily prepare "on-board" personnel; they neither promote nor assure the type of broad-based expertise supported by the current IEFLS programs. In contrast, the Department of Education programs reflect a balance between international education programs that focus on the general development and diffusion of international knowledge and the training of specialists. Both areas are of critical importance in the 1990's. The former encourages students and professionals to understand better the languages, cultures, and economies of other nations at a time when international cooperation is a priority. The latter promotes U.S. interests in industrial competitiveness and trade, diplomacy, politics, and our national security. Thus, the 1990 funding level, which represents a significant increase in IEFLS funding over 1989, should be retained in 1991.

1991 Budget Proposal — Continued

In addition to annual Federal appropriations, projects under this activity are also supported with Indian rupees through the United States-India fund (USIF). In 1990, 13.3 million rupees are available, including 71,424 rupees carried over from 1989. The Department will support an estimated 27 projects in 1990 with these funds: 9 Group Projects Abroad, 2 Bilateral Projects, 2 Faculty Research Abroad fellowships, and 14 Doctoral Dissertation Research Abroad fellowships.

Impact Data 1/	1989	1990	1991
Domestic programs			
National Resource Centers:			
New awards:			
Number of centers	---	---	94
Average award	---	---	$124,000
Total funds available	---	---	$11,621,000
Non-competing continuation awards:			
Number of centers	94	94	---
Average award	$120,000	$124,000	---
Total funds available	$11,274,000	$11,621,000	---
Total awards:			
Number of centers	94	94	94
Average award	$120,000	$124,000	$124,000
Total funds available	$11,274,000	$11,621,000	$11,621,000
Foreign Language and Area Studies Fellowships:			
Academic year:			
Number of fellowships	570	600	600
Average fellowship	$12,000	$14,000	$14,000
Total funds available	$6,725,000	$8,385,000	$8,385,000
Summer:			
Number of fellowships	330	350	350
Average fellowship	$3,000	$3,000	$3,900
Total funds available	$825,000	$1,015,000	$1,015,000
All fellowships:			
Number of fellowships	900	950	950
Average fellowship	$8,000	$10,000	$10,000
Total funds available	$7,550,000	$9,400,000	$9,400,000

Higher Education

2. Program development: d. International education an foreign language studies

Impact Data — Continued	1989	1990	1991
International Studies and Foreign Language Programs:			
New awards:			
Number of programs	27	28	29
Average award	$46,000	$48,000	$48,000
Total funds available	$1,230,000	$1,344,000	$1,400,000
Non-competing continuation awards:			
Number of programs	26	31	30
Average award	$49,000	$50,000	$50,000
Total funds available	$1,268,000	$1,550,000	$1,500,000
Total awards:			
Number of programs	53	59	59
Average award	$47,000	$49,000	$49,000
Total funds available	$2,498,000	$2,900,000	$2,900,000
International Research and Studies Projects:			
New projects:			
Number of projects	16	31	17
Average award	$58,000	$72,000	$71,000
Total funds available	$921,000	$2,236,000	$1,214,000
Non-competing continuation projects:			
Number of projects	9	11	30
Average award	$63,000	$43,000	$50,000
Total funds available	$570,000	$478,000	$1,500,000
Total projects			
Number of projects	25	42	47
Average award	$60,000	$65,000	$58,000
Total funds available	$1,491,000	$2,714,000	$2,714,000
Business and International Education Projects:			
New awards:			
Number of projects	20	16	18
Average award	$68,000	$75,000	$75,000
Total funds available	$1,367,000	$1,200,000	$1,315,000
Non-competing continuation awards:			
Number of projects	15	20	16
Average award	$62,000	$65,000	$75,000
Total funds available	$934,000	$1,300,000	$1,200,000
Total awards:			
Number of projects	35	36	34
Average award	$66,000	$69,000	$74,000
Total funds available	$2,301,000	$2,515,000	$2,515,000

Higher Education

2. Program development: d. International education and foreign language studies

Impact Data -- Continued	1989	1990	1991
Centers for International Business Education:			
New awards:			
Number of centers	5	11	—
Average award	$148,000	$280,000	—
Total funds available	$741,000	$3,083,000	—
Non-competing continuation awards:			
Number of centers	—	5	16
Average award	—	$325,000	$294,000
Total funds available	—	$1,625,000	$4,708,000
Total awards:			
Number of centers	5	16	16
Average award	$148,000	$294,000	$294,000
Total funds available	$741,000	$4,708,000	$4,708,000
Language Resources Centers:			
New awards:			
Number of centers	—	2	—
Average award	—	$400,000	—
Total funds available	—	$800,000	—
Non-competing continuation awards:			
Number of centers	—	—	2
Average award	—	—	$400,000
Total funds available	—	—	$800,000
Total awards:			
Number of centers	—	2	2
Average award	—	$400,000	$400,000
Total funds available	—	$800,000	$800,000
Domestic programs:			
Total funds available	$25,855,000	$34,658,000	$34,658,000

Higher Education

2. Program development: d. International education and foreign language studies

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Impact Data — Continued	1989	1990	1991
Overseas programs			
Group Projects Abroad:			
Number of projects	31	28	28
Average project	$66,000	$71,000	$71,000
Number of participants	456	420	420
Average per participant	$5,000	$5,000	$5,000
Total funds available	$2,056,000	$1,985,000	$1,985,000
Faculty Research Abroad:			
Number of awards	21	21	21
Average award	$33,000	$33,000	$33,000
Number of fellowships	22	22	22
Average fellowship	$31,000	$31,000	$31,000
Total funds available	$692,000	$690,000	$690,000
Doctoral Dissertation Research Abroad:			
Number of awards	21	21	21
Average award	$71,000	$71,000	$71,000
Number of fellowships	75	75	75
Average fellowship	$20,000	$20,000	$20,000
Total funds available	$1,482,000	$1,488,000	$1,488,000
Special Bilateral Projects:			
Number of projects	9	10	10
Average award	$82,000	$77,000	$77,000
Total funds available	$735,000	$766,000	$766,000
Committee for Scholarly Communication with the People's Republic of China	$198,000	$170,000	$170,000
Administration	$40,000	$37,000	$37,000
Overseas programs: Total funds available	$5,203,000	$5,136,000	$5,136,000
IEFLS programs: Total funds available	$31,058,000	$39,794,000	$39,794,000

1/ Totals may not add due to rounding.

2. Program development: e. Cooperative education
(Higher Education Act of 1965, Title VIII)

1990 Authorization: Indefinite

Budget Authority:

1990 Appropriation	1991 Request	Increase or Decrease
$13,445,000	---	-$13,445,000

Purpose and Method of Operation

The Cooperative Education Program awards discretionary grants to postsecondary institutions to stimulate the development of cooperative education programs at the institutions in conjunction with public and private employers. The program provides students with work experiences, either concurrent or alternating with periods of academic study, that generally relate to the student's career or academic objectives and provide earnings, which the student may use to help meet the costs of postsecondary education.

Projects may be funded for up to 5 years, during which they receive annual continuation awards on a non-competing basis. Three categories of grants have been supported in recent years:

- Administration Projects support campus-based cooperative education program operating costs, the Federal share of which declines each year (90%/80%/70%/60%/30%).
- Demonstration Projects are funded with large, multi-year grants to help institutions plan institution-wide, comprehensive cooperative education programs in an effort to include more students from all academic fields.
- Training Projects provide assistance and guidance to faculty and administrators of cooperative education programs.

This is a current-funded program for which funds are available from October 1 to September 30.

Accomplishments

In 1970, there were only 195 cooperative education programs in the country. The number of institutions now offering cooperative education programs has grown to well over 1,000 (though only 159 of these are federally supported). During this time period, cooperative education programs became increasingly accepted and desired by students as they sought to develop a more definite linkage between education and work.

1991 Budget Proposal

For Cooperative Education, no funds are requested. This is $13.445 million less than the 1990 appropriation.

1991 Budget Proposal -- Continued

Federal encouragement and stimulation in the area of cooperative education is no longer necessary. The concept of cooperative education has been demonstrated successfully and accepted, as evidenced by the number of institutions operating such programs without Federal funding. More than one-third of the Nation's postsecondary institutions have cooperative education programs, and only 159 of these programs are federally supported. There is now widespread recognition of the benefits of this educational approach.

As competition for student enrollment has increased and increasing numbers of students have demanded cooperative education programs, institutions have been motivated to support the programs on their own. This is also an area in which institutions have been very successful in obtaining private sector support.

Impact Data	1989	1990	1991
Administration Projects:			
Number of grants:			
New awards	99	44	---
Continuation awards	48	102	---
Total funds available:			
New awards	$7,482,000	$3,435,000	---
Continuation awards	$3,785,000	7,724,000	---
Demonstration Projects:			
Number of grants:			
New awards	3	3	---
Continuation awards	8	7	---
Total funds available:			
New awards	$295,000	$288,000	---
Continuation awards	$704,000	$640,000	---
Training Projects:			
Number of grants:			
New awards	6	---	---
Continuation awards	5	9	---
Total funds available:			
New awards	$827,000	---	---
Continuation awards	$528,000	$1,358,000	---
Total--Cooperative Education:			
Number of grants	169	165	---
Total funds available	$13,622,000	$13,445,000	---

Note: Detail may not add to total due to rounding.

2. Program development: f. Law school clinical experience (Higher Education Act of 1965, Title IX, Part F)

1991 Authorization: Indefinite

Budget Authority:

1990 Appropriation	1991 Request	Increase or Decrease
$4,935,000	---	-$4,935,000

Purpose and Method of Operation

The Law School Clinical Experience program supports annual, competitive discretionary grants to accredited law schools to establish or expand programs of clinical experience in the practice of law for students. The Secretary is authorized to enter into agreements with such schools to finance not more than 90 percent of the cost of establishing or expanding clinical law programs. Project costs are limited to: planning; preparation of related teaching materials; administration; training of faculty members; payments for faculty, attorneys and others directly involved in supervision; and other activities related to the program. The project period is no longer than 12 months.

This is a current-funded program for which funds are available for obligation from October 1 to September 30.

Accomplishments

The Law School Clinical Experience program was first funded as a demonstration program in fiscal year 1978 with an appropriation of $1 million. Since then, almost $29 million has been appropriated with a low of $605,000 in 1983 and a high of $4.935 million in 1989 and 1990. Program data indicate that approximately 2,120 law students at 53 institutions will participate in supervised, Federally-funded clinical experience programs in academic year 1989-90. These students will gain experience in the preparation and trial of actual legal cases.

In the Conference Report accompanying the Department's 1990 appropriations act, Congress directed the Department to spend $150,000 to fund a national evaluation conference. At this conference, the clinical programs will be reviewed to determine how future funding can be used in the most effective and efficient manner. Although program funds can not, by law, be used for this purpose, the Department plans to hold such a conference using administrative funds.

Higher Education

2. Program development: f. Law school clinical experience

1991 Budget Proposal

For the Law School Clinical Experience program, no funds are requested. This is $4.935 million less than the fiscal year 1990 appropriation.

The purpose of Federal support for this program was to demonstrate the concept of clinical legal education and to encourage law schools to increase their financial commitments for this educational approach. Support of clinical legal education was not intended to be a permanent Federal responsibility.

Clinical programs will continue in the absence of Federal support. The concept of clinical legal education has been adequately demonstrated, and programs are provided at many of the Nation's accredited law schools without Federal funding. Thirty-four percent of the law schools with clinical programs operate them without Federal support. Many law schools are also making a greater financial commitment to clinical education by including clinics in their regular budgets, and are providing tenured positions to clinical professors. There is no longer a demonstrated need for this program.

Impact Data	1989	1990	1991
Number of grants	53	64	---
Average grant	$74,566	$77,109	---
Number of participants	2,120	2,560	---
Average per participant	$1,864	$1,927	---
Budget authority	$3,952,000	$4,935,000	---

2. Program development: g. Student literacy corps
(Higher Education Act of 1965, Title I, Part D, as amended by P.L. 100-407)

1991 Authorization: $10,000,000

Budget Authority:

1990 Appropriation	1991 Request	Increase or Decrease
$5,042,000	$5,042,000	---

Purpose and Method of Operation

The Student Literacy Corps program promotes the development of literacy corps programs at institutions of higher education. Institutions that have participated in community service activities may receive competitive discretionary grants for no more than two years that total no more than $50,000 over the two-year grant period. Under literacy corp programs, undergraduate students in fields such as social science, economics and education receive academic credit for courses in which there is a practicum that requires the student to tutor a minimum of six hours per week. Tutoring services are uncompensated and performed in public community agencies serving educationally or economically disadvantaged individuals.

Funds appropriated for this program may be used by the institution to cover the administrative costs of the program and to pay stipends for student coordinators. Funds may also be used by the Secretary to provide technical assistance to grantees, to collect and disseminate information about student literacy corps programs, and to evaluate and report on such programs.

This is a current-funded program for which funds are available for obligation from October 1 through September 30.

Accomplishments

Fiscal year 1989 was the first year in which funds were appropriated for this program. A total of 105 institutions received $4.858 million in awards averaging $46,000. It is too early to tell how many hours of tutoring will be generated by this program. However, the statute provides that available program appropriations may be used to evaluate and issue reports on projects funded under this program. The Secretary intends to conduct such evaluations once a sufficient number of projects have been completed.

1991 Budget Proposal

For the Student Literacy Corps program, $5.042 million is requested. This is the same as the fiscal year 1990 appropriation. This request would help

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1991 Budget Proposal — Continued

address a very serious problem facing the United States: adult illiteracy. This problem is taking its toll on individuals at a personal level, and also on the country as a whole in terms of reduced worker productivity in a more technologically-oriented society.

The President is therefore proposing continued funding of the Student Literacy Corps. This program provides an innovative means of addressing illiteracy by requiring trained, supervised undergraduates to provide not less that 6 hours of volunteer services per week at public community agencies serving educationally or economically disadvantaged individuals.

Impact Data	1989	1990	1991
Number of awards	105	110	110
Average award	$46,000	$46,000	$46,000
Budget authority	$4,940,000	$5,042,000	$5,042,000

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3. Academic facilities: Interest subsidy grants (Higher Education Act of 1965, Title VII, Part D)

1991 Authorization: Indefinite

Budget Authority:

1990 Appropriation	1991 Request	Increase or Decrease
$22,449,000	$20,900,000	-$1,549,000

Purpose and Method of Operation

The Interest Subsidy Grants program is designed to help finance the construction, renovation, and equipping of higher education academic facilities by reducing the cost of borrowing from private sources. This financing is intended to help States, local communities, and individual higher education institutions (1) accommodate enrollment increases, (2) maintain and expand research facilities, (3) support energy conservation rehabilitation of existing facilities, and (4) upgrade existing facilities to meet various Federal, State, and local structural requirements relating to health, safety, and access to the handicapped.

Under this program, institutions of higher education and higher education building agencies may be paid interest subsidies on a loan amount that represents no more than 90 percent of project costs. After each such loan is arranged commercially at an acceptable interest rate, the Department of Education enters into an agreement with the borrowing institution or agency to pay an annual subsidy. This subsidy, designed so that an institution pays only 3-percent interest, is the difference between the interest costs incurred at the negotiated, commercial lending rate and the institution's rate of 3 percent. Annual grants are awarded over the full term of the approved loans in satisfaction of these subsidies. The grants are paid for with both newly appropriated monies and, as available, funds carried over from prior years.

No new interest subsidy commitments have been entered into since fiscal year 1973. However, subsidy payments are expected to continue until the year 2013. Currently, the program is carrying out its prior-year commitments to subsidize interest costs on approximately 600 privately financed facilities loans.

Funding for this program is mandatory in that the level of funding is determined by the Government's legal obligation for payment.

Accomplishments

Over the four fiscal year period of 1970-73, 711 commercial loans totaling over $1.43 billion were approved for subsidy and, to date, about $400 million has been appropriated to pay the subsidies.

Higher Education

3. Academic facilities: Interest subsidy grants

1990 Budget Proposal

For Interest Subsidy Grants, $20.9 million is requested. This is $1.5 million less than the fiscal year 1990 appropriation. The requested amount should be sufficient to support interest subsidies on the 551 loans still expected to be in repayment status in fiscal year 1990, with a remaining outstanding loan principal of about $958 million.

The continued payment of interest subsidies on the existing portfolio of higher education facilities loans is guaranteed under agreements with the participating institutions, and the precise amount of each school's annual interest grant is specified in those agreements. As such, this program's budgetary cost is mandatory and essentially predetermined.

Impact Data	1989	1990	1991
Outstanding loans under subsidy (end-of-year):			
Number of loans	563	551	531
Loan volume ($000s)	$1,040,000	$998,000	$958,000
Subsidy payments:			
New budget authority	$27,744,000	$22,449,000	$20,900,000
Unobligated balances, start of year	---	320	695
Unobligated balances, end of year	-320	-695	-347
Total payments	$22,424,000	$22,074,000	$21,248,000

4. Special grants: a. Assistance to Guam
(Higher Education Act of 1965, Title XII, Section 1204(c))

1991 Authorization: $2,000,000

Budget authority:

1990 Appropriation	1991 Request	Increase or Decrease
$494,000	---	-$494,000

Program description

Assistance to Guam provides one-year grants to the University of Guam and Guam Community College for partial reimbursements of costs incurred in providing postsecondary education services to nonresident Micronesian students. Such payments compensate these institutions for sharing their resources and services with students from neighboring entities that have a relative scarcity of higher education institutions and a limited range of curricular offerings.

This is a current-funded program for which funds are available for obligation from October 1 to September 30.

1991 Budget Proposal

For Assistance to Guam, no funds are requested. This is $494,000 less than the fiscal year 1990 appropriation. The Department feels that this direct Federal subsidization of the postsecondary institutions is an inappropriate Federal role. In no other instance does the Federal Government make direct payments to postsecondary insitutions to help meet costs related to the education on non-State or non-territorial residents. Moreover, since many of these students receive financial assistance via Federal programs such as the Pell Grant, Supplemental Grant, and Work-Study programs, direct Federal assistance to these institutions represents a unique double subsidy.

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4. Special grants: b. Margaret Chase Smith Library Center (Public Law 100-202, Section 140(b))

1991 Authorization: $5,000,000

Budget Authority:

1990 Appropriation	1991 Request	Increase or Decrease
$ 2,468,000	---	-$2,468,000

Purpose and Method of Operation

In recognition of the public service of Senator Margaret Chase Smith, up to $5 million is authorized for use in the development and activities of the Margaret Chase Smith Library Center, located in Skowhegan, Maine.

Accomplishments

Fiscal Year 1990 was the first year in which funds were appropriated for this activity.

1989 Budget Proposal

For the Margaret Chase Smith Library Center no funds are requested. This is $2.468 million less than the 1990 appropriation. There are a variety of Federal and non-Federal sources of support for library centers. Further, it is inappropriate to direct limited Federal funds to projects which provide assistance only to local users and, therefore, should be supported by local resources.

5. Aid for students: a. Special programs for the disadvantaged
(Higher Education Act of 1965, Title IV, Part A, Subpart 4)

1991 Authorization: Indefinite

Budget Authority:

1990 Appropriation	1991 Request	Increase or Decrease
$241,822,000	$269,739,000	+$27,917,000

Purpose and Method of Operation

The Special Programs for the Disadvantaged, commonly referred to as the TRIO programs, provide services to promote access to, and retention in, postsecondary institutions for individuals from disadvantaged backgrounds. The Secretary is authorized to make discretionary grants to, and enter into contracts with, institutions of higher education, public and private agencies and organizations, and, in exceptional circumstances, secondary schools. Participants must be low-income individuals and/or first generation college students, or, under the Student Support Services program, physically handicapped.

Six programs are authorized under Special Programs for the Disadvantaged:

- Student Support Services projects provide supportive services to postsecondary students from disadvantaged backgrounds who need academic support to successfully complete their education. These services include: remediation, academic counseling and guidance, tutorial services, personal counseling, career counseling, admission and financial counseling for graduate and professional programs, and activities in the preceding areas for students of limited English proficiency.

- Upward Bound projects provide intensive academic assistance to high school students to generate the skills and motivation needed to pursue successfully a program of education beyond high school. Services may include Saturday classes, tutorial/counseling sessions, cultural enrichment activities, or a summer campus residential program.

- Talent Search projects identify and counsel eligible persons aged 12 to 27 years, usually high school students and dropouts, regarding opportunities for completing secondary school and enrolling in postsecondary educational programs. Project staff also assist participants in applying for admission and financial aid.

Purpose and Method of Operation -- Continued

- Educational Opportunity Centers (EOC) provide information on available financial and academic assistance to adults aged 19 or above in low-income areas who wish to pursue a postsecondary educational program. The centers also help participants apply for admission and financial aid. The Departmentawards grants to educational institutions and public and private organizations to operate the centers.

- Ronald E. McNair Post-Baccalaureate Achievement Program projects are authorized to provide grants to institutions of higher education to provide disadvantaged students with effective preparation for doctoral study.

- Staff Training projects provide training to staff and leadership personnel employed in, or preparing for employment in, projects under the Special Programs activity. The grants provide support for conferences, seminars, internships, and workshops, and the publication of manuals designed to improve the operation of projects supported under the other programs.

This is a current-funded program for which funds are available from October 1 to September 30.

Accomplishments

From academic year 1979-80 to 1989-90, funding for the TRIO programs increased 57 percent. During 1989-90, Student Support Services is serving an estimated 164,300 students in 707 projects; Upward Bound is serving an estimated 34,600 students in 477 projects; Talent Search is serving an estimated 193,400 students in 177 projects, EOC is serving an estimated 110,000 students in 40 projects; and Staff Training is serving an estimated 1,600 TRIO staff members under 13 training grants. Overall, from academic year 1987-88 to 1989-90, the TRIO programs increased the number of participants served by approximately 38,500 in 141 additional projects.

Moreover, to focus on reducing the secondary school dropout rate, the Department began an initiative under Talent Search in fiscal year 1989 in which 53 projects were given supplemental funding to serve seventh and eighth graders, in addition to the students in the higher grades who are currently being served. Providing such assistance to these students gives them an increased opportunity to complete secondary school and identify appropriate postsecondary educational programs at a younger age. In addition, this kind of early intervention and counseling allows younger students, who might otherwise drop out of school, to gain critical information concerning postsecondary admissions and financial aid processes. This initiative will be expanded in fiscal year 1991 so that a total of 130 projects will be able to serve these younger students.

Higher Education

5. Aid for students: a. Special programs for the disadvantaged

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1991 Budget Proposal

For the Special Programs for the Disadvantaged, $269.739 million is requested, which is an increase of $27.917 million over the fiscal year 1990 appropriation. The Administration requests increased funding for all six TRIO programs, listed above, to support the goal of improving educational access and opportunity for minorities and the disadvantaged. This request would maintain the educational services these programs currently provide. Since TRIO complements the student financial assistance provided to needy students under Title IV and helps to ensure equality of opportunity, it is a critical priority for the Administration. In addition to maintaining the important, basic TRIO services, the fiscal year 1991 request would provide funding for three initiatives under the Talent Search, Upward Bound, and Student Support Services programs.

In fiscal year 1991 new competitions will be held for Talent Search and EOC projects, to make awards on the three-year continuation grant basis common to all TRIO programs. The increased funding for these programs would support an expansion in the number of projects and would also expand the initiative, begun in fiscal year 1989, that addresses the Nation's high dropout rate among disadvantaged students by focusing more of the Talent Search counseling services on seventh and eighth graders. All Talent Search projects have been encouraged to apply for funding under this initiative, and it is estimated that approximately 130 projects will be participating by fiscal year 1991.

In support of the goal of strengthening the competitive position of the United States in the world market by improving the quality of education, the request for the Upward Bound program would provide for an expansion of the mathematics and science initiative that will be started in fiscal year 1990. Under this initiative, regional "magnet" projects will be funded to provide mentoring, internship, and research experiences designed to develop the interest of Upward Bound students in mathematics, science, and engineering and to prepare them for higher education in these areas. Selected students in regular Upward Bound projects will have the opportunity to enroll in special mathematics and science programs at these magnet centers. Plans for the initiative are being developed in conjunction with the National Science Foundation and in coordination with the national programs component of the Eisenhower Mathematics and Science Education program. The budget request would support approximately 50 of these regional centers in fiscal year 1991.

The TRIO request would also support an initiative under the Student Support Services program that would provide assistance to students currently enrolled in 2-year institutions to secure admission and financial assistance for enrollment in 4-year postsecondary programs. This service was added to the TRIO programs by the Higher Education Amendments of 1986, but funds have never been provided to projects specifically to allow them to expand into this

1991 Budget Proposal — Continued

area. The initiative is particularly important because of the support it would provide to the improvement of educational access and opportunity for minority and disadvantaged students. The majority of these students start their postsecondary study at 2-year institutions; yet, according to the Ford Foundation, only about 15 percent of 2-year students continue their studies at 4-year institutions.

Finally, $1 million of the TRIO request would support the second year of an evaluation of the Upward Bound and Student Support Services programs. Specifically, it would provide for further analysis and follow-up of the findings generated during the first year of the evaluation. The Department hopes to improve the cost-effectiveness of these programs and thereby improve and expand the significant services they provide to the disadvantaged by: (1) comparing the outcomes for students receiving TRIO services to outcomes for students who are not receiving such services, (2) identifying and documenting successful intervention techniques, and (3) disseminating descriptions of these successful techniques so that they may be replicated by other TRIO projects.

Impact Data

	1989	1990	1991
Student Support Services:			
Available funds:	$85,393,000	$90,638,000	$97,730,000
2-Year College Initiative	---	---	$3,466,000
New awards	---	$90,638,000	---
Continuation awards	$85,393,000	---	
Number of grant awards			
New awards	---	721	---
Continuation awards	707	---	721
Average grant award	$120,800	$125,700	$135,500
Number of participants	164,300	167,300	170,400
Avg. Fed. cost/participant	$520	$542	$574
Upward Bound:			
Available funds:	$93,609,000	$106,002,000	$117,542,000
Math/Science Initiative	---	$3,000,000	$12,500,000
New awards	93,609,000	$5,700,000	$9,380,000
Continuation awards	---	$100,302,000	$108,162,000
Number of grant awards			
New awards	477	25	20
Continuation awards	---	477	502
Average grant award	$196,000	$211,200	$225,200
Number of participants	34,600	36,400	37,600
Avg. Fed. cost/participant	$2,705	$2,912	$3,126

Higher Education

5. Aid for students: a. Special programs for the disadvantaged

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Impact Data -- Continued

	1989	1990	1991
Talent Search:			
Available funds	$25,864,000	$27,115,000	$34,841,000
7th & 8th Grade Initiative	$2,900,000	$3,016,000	$8,155,000
New awards	—	—	$34,841,000
Continuation awards	25,864,000	$27,115,000	—
Number of grant awards			
New awards	—	—	187
Continuation awards	177	177	—
Average grant award	$147,300	$153,200	$186,300
Number of participants	193,400	193,400	238,600
Avg. Fed. cost/participant	$134	$140	$146
Educational Opportunity Centers (EOC):			
Available funds	$11,630,000	$12,095,000	$13,910,000
New awards	—	—	$13,910,000
Continuation awards	$11,630,000	$12,095,000	—
Number of grant awards			
New awards	—	—	45
Continuation awards	40	40	—
Average grant award	$290,800	$302,400	$309,100
Number of participants	110,000	110,000	121,600
Avg. Fed. cost/participant	$106	$110	$114
Ronald E. McNair Post-Baccalaureate Achievement Program:			
Available funds	$1,482,000	$3,000,000	$3,120,000
New awards	$1,482,000	$1,459,000	—
Continuation awards	—	$1,541,000	$3,120,000
Number of grant awards			
New awards	14	12	—
Continuation awards	—	14	26
Average grant award	$105,900	$115,400	$120,000
Number of participants	600	1,100	1,100
Avg. Fed. cost/participant	$2,470	$2,730	$2,840

Higher Education

5. Aid for students: a. Special programs for the disadvantaged

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Impact Data — Continued

	1989	1990	1991
Staff Training:			
Available funds	$1,279,000	$1,535,000	$1,596,000
New awards	—	$1,535,000	—
Continuation awards	$1,279,000	—	$1,596,000
Number of grant awards			
New awards	—	15	—
Continuation awards	13	—	15
Average grant award	$98,400	$102,300	$106,400
Number of participants	$1,600	$1,900	$1,900
Avg. Fed. cost/participant	$799	$808	$840
Total grant awards	1,428	1,481	1,516
Total number of participants	504,500	510,100	571,200
Total budget authority	$219,257,000	$240,385,000 1/	$268,739,000 1/

1/ The following amounts for evaluation of Upward Bound and Student Support Services are excluded: $1,437,000 in fiscal year 1990 and $1,000,000 in fiscal year 1991.

5. Aid for students: b. Support services: (1) Veterans' education outreach
(Higher Education Act of 1965, Title IV, Part A, Subpart 7, Section 420A)

1991 Authorization: Indefinite

Budget Authority:

1990 Appropriation	1991 Request	Increase or Decrease
$2,801,000	---	-$2,801,000

Purpose and Method of Operation

The Veterans' Education Outreach program provides one-year formula grants to institutions of higher education to help them support offices of veterans' affairs that provide outreach recruitment, special educational services, and counseling. For an institution to be eligible to receive a grant, it must enroll at least 100 undergraduate veterans with honorable discharges. The amount of the grant is based on the sum of: (1) $300 times the number of full-time equivalent (FTE) enrolled veterans receiving veterans' educational assistance of vocational rehabilitation services; (2) $150 times the number of FTE enrolled veterans who are educationally disadvantaged or disabled; and (3) $100 times the number of FTE veterans with honorable discharges who are no longer eligible for or do not receive veterans' educational benefits. Current legislation limits an institution's total annual award to $75,000. These payments are ratably reduced if the amount appropriated is not sufficient to pay the amounts to which all institution are potentially entitled.

The Veterans' Education Outreach program is a current-funded program for which funds are available from October 1 to September 30.

Accomplishments

This program was created in 1972 to respond to the special postsecondary education adjustment needs of Vietnam-era veterans. The peak year of veteran enrollment in postsecondary education was 1976 when there were approximately 910,000 enrolled veterans eligible for services. By 1981 the number of eligible veterans had declined to 212,000, and in the following 6 years, the number remained at approximately 200,000. Eligible enrollment rose above 300,000 in 1988 as a result of a change in the program's authorizing legislation that expanded eligibility from "Vietnam-era" veterans to all veterans.

Higher Education

5. Aid for students: b. Support services: (1) Veterans' education outreach

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1991 Budget Proposal

For Veterans' Education Outreach, no funds are requested. This is $2.801 million less than the fiscal year 1990 appropriation.

This program has outlived its original purpose of assisting higher education tutoring and counseling programs that respond to the special educational and education-related needs of large numbers of enrolled Vietnam-era veterans. Even though student eligibility has been expanded to include all veterans, the size of the eligible population has declined dramatically. Since the program's inception, enrollment of veterans has dropped from over 2 million to a projected 400,000 for academic year 1991-92.

The needs of these decreased numbers of student veterans can be met by other existing Federal program including Upward Bound, Student Support Services, and other TRIO programs, as well as numerous activities supported by the Department of Veteran Affairs. Assistance can also be provided through traditional institutional tutorial and counseling services geared toward all students.

Finally, average grants are very small--only $5,489 per institution in 1989. Such limited support is not likely to make a meaningful difference in institutional services to enrolled veterans and is not cost-effective to administer.

Impact Data

	1989	1990	1991
Number of participating institutions	517	530	---
Average grant	$5,489	$5,285	---
Budget authority	$2,838,000	$2,801,000	---

5. Aid for students: b. Support services: (2) Legal training for the disadvantaged
(Higher Education Act of 1965, Title IX, Part E)

1991 Authorization: Indefinite

Budget Authority:

1990 Appropriation	1991 Request	Increase or Decrease
$2,468,000	$2,468,000	---

Purpose and Method of Operation

The Legal Training for the Disadvantaged program supports pre-law school preparation and scholarships to assist individuals from disadvantaged backgrounds to undertake training for the legal profession. The Department awards an annual noncompetitive grant to the Council on Legal Education Opportunity (CLEO) to administer this program. In addition, CLEO receives a large percentage of its funds from non-Federal sources.

CLEO conducts a nationwide search for candidates to participate in this program. Participants must be persons who wish to become lawyers, but have been unable to gain admission to law school because of economic disadvantages, marginal academic credentials, or both. Applications are submitted to the CLEO central office where an initial screening process takes place. Eligible applications are then forwarded to regional panels of law school deans and other educators who make the final selection of students.

In the summer prior to law school, the program provides participants with an intensive six-week training session at one of a number of regional institutes. Institute sites are widely distributed to reduce student traveling expenses. This pre-law preparation is designed to train CLEO students so they can perform as well in law school as law students from more advantaged backgrounds. After completing the summer training, participants begin three years of law school during which they receive an annual stipend. In addition, some participating law schools waive the tuition and fees that would normally be charged to these students.

This is a current-funded program for which funds are available for obligation from October 1 to September 30.

Accomplishments

The Legal Training for the Disadvantaged program, which has been in operation since fiscal year 1968, was first funded from private sources through fiscal

Accomplishments — Continued

year 1970, and then was supported by the Office of Economic Opportunity. In fiscal year 1974, an appropriation of $750,000 was provided to the Office of Education to administer this program.

The program has gained visibility and demonstrated its effectiveness in training disadvantaged individuals for successful careers in the legal profession. In the past 20 years, CLEO has assisted 5,068 students in gaining admission to law schools. A recent survey showed that in 1982 the average rate for passing the bar examination was 97 percent for CLEO fellows who had completed law school, compared with only 87 percent passing the bar examination in 1968.

The Legal Training for the Disadvantaged program assists individuals from disadvantaged backgrounds. Of the 238 participants in CLEO's summer institute training program in 1988, 54 percent were blacks, 33 percent were Hispanics, six percent were whites, five percent were Asian Americans or Pacific Islanders, and two percent were American Indians.

1991 Budget Proposal

For Legal Training for the Disadvantaged, $2.468 million is requested. This is the same as the fiscal year 1990 appropriation, and $576,000 (30 percent) more than the 1989 appropriation.

This request would support the President's commitment to assisting disadvantaged students by providing funds to assist such individuals seeking to enter the legal profession. The 1991 request would maintain the 1990 funding level, which represents a significant increase over 1989. It would allow approximately 240 needy students to participate in CLEO's summer program in 1991, thereby enhancing the likelihood of their success in law school. It would also allow all participants to receive greatly increased financial support during law school--the 1991 average stipend would be $2,831 compared with the 1989 stipend average of $2,085.

Impact Data	1989	1990	1991
Number of summer institutes	7	7	7
Federal cost of institutes	$275,000	$420,000	$420,000
CLEO administrative costs	$420,000	$420,000	$420,000
Number of fellows	575	575	575
Average stipend	$2,085	$2,831	$2,831
Budget authority	$1,892,000	$2,468,000	$2,468,000

5. Aid for students: b. Support services:
(3) School, college and university partnerships
(Higher Education Act of 1965, Title V, Part B)

1991 Authorization: Indefinite

Budget Authority:

1990 Appropriation	1991 Request	Increase or Decrease
$2,961,000	$2,961,000	---

Purpose and Method of Operation

The School, College and University Partnerships program provides grants to institutions of higher education and secondary schools serving low-income students in order to encourage partnerships between these institutions. The grants support projects to improve the academic skills of public and private nonprofit secondary school students, to increase their opportunity to continue a program of education after secondary school, and to enhance their prospects for employment after secondary school.

An institution of higher education and its secondary school partner are eligible to compete for a discretionary grant after entering into a written and binding partnership agreement. In addition, a partnership may include businesses, labor organizations, or other private or public agencies. The agreement, signed by all parties, must include a listing of all partnership participants, the responsibilities of each, and a listing of resources to be contributed by each participant.

Grants may range from $250,000 to $1 million. All grantees must meet a 30-percent, 40-percent, and 50-percent matching requirement in the first, second, and third years, respectively. In making grants, the Department gives preference to programs serving predominantly low-income communities, partnerships administered during the regular school year and summer, and programs serving educationally disadvantaged students, potential dropouts, pregnant adolescents, teen parents, or children of migrant workers. Projects are normally approved for funding for a three-year period, during which they receive annual continuation awards on a non-competing basis.

The Department is also authorized to award grants for pilot community college partnership projects to four specific community colleges, named in the law. Preference is given to applications indicating that the business or industry partner is engaged in technological or aerospace activities.

This is a current-funded program for which funds are available from October 1 to September 30.

Higher Education

5. Aid for students: b. Support services:
(3) School, College and University Partnerships

Accomplishments

Funds were first appropriated for this program in fiscal year 1988, during which nine partnerships were awarded grants. Eleven programs, including the four community college pilot projects provided for by the authorizing statute, were funded in fiscal year 1989. The 1990 appropriation did not provide funding for community college pilot projects.

1991 Budget Proposal

The fiscal year 1991 budget request for School, College and University Partnerships is $2.961 million, which is the same as the fiscal year 1990 appropriation. The request would enable the Department to continue to encourage local school/college partnerships designed to enhance the academic skills of high school students, as well as to increase the students' opportunity to complete high school, to pursue a postsecondary education and to improve their prospects for employment. Ongoing support of School, College and University Partnerships demonstrates the Administration's concern for high-risk youngsters and helps reduce dropout rates.

Impact Data	1989	1990	1991
Number of grant awards:			
New awards	2	3	7
Continuation awards	9	7	3
Total funds available:			
New awards	$500,000	$1,061,000	$1,900,000
Continuation awards	$2,260,000	$1,900,000	$1,061,000
Average award	$250,910	$296,100	$296,100
Number of participants	7,800	7,900	7,900
Cost per participant	$354	$375	$375
Budget authority	$2,760,000	$2,961,000	$2,961,000

5. Aid for students: c. Scholarships and fellowships:
(1) Robert C. Byrd honors scholarships
(Higher Education Act of 1965, Title IV, Part A, Subpart 6)

1991 Authorization: Indefinite

Budget Authority:

1990 Appropriation	1991 Request	Increase or Decrease
$8,627,000	$8,627,000	---

Purpose and Method of Operation

The Robert C. Byrd Honors Scholarship program is intended to promote student excellence and achievement. Students who have demonstrated outstanding academic achievement and who show promise of continued academic excellence are eligible for a $1,500 scholarship for the first year of study at an institution of higher education.

The Secretary annually assigns to each State participating in the Byrd program the number of Byrd Scholarships which bears the same ratio to the total number of scholarships made available to all States as the State's school-aged population bears to the total school-aged population in all participating States. State education agencies receive one-year formula grants based on (1) $1,500 multiplied by the number of scholarships assigned to the State; plus (2) an administrative allowance equal to $10,000 plus 5 percent of the amount to which the State is eligible under (1) above. This formula differs from the formula specified in the authorizing legislation. The Department's appropriations act for fiscal year 1990 waived the formula included in the authorizing legislation. Report language accompanying the appropriations act specified the formula currently in use.

This is a current-funded program for which funds are available from October 1 to September 30.

Accomplishments

Since the program's inception in fiscal year 1987, approximately 14,400 Byrd Scholarships have been awarded.

1991 Budget Proposal

The fiscal year 1991 budget request for Robert C. Byrd Honors Scholarships is $8.627 million, which is the same as the fiscal year 1990 appropriation.

The request would provide financial support to promote student excellence and achievement. This program allows the Federal Government to recognize

1991 Budget Proposal — Continued

outstanding student achievement by providing student financial assistance based solely on merit and thereby supports the Administration's goal of renewing our Nation's commitment to academic excellence.

From 1987 through 1990 Congress has waived the statutory requirements that Byrd Scholars be selected from congressional districts and that scholarships be awarded in local ceremonies by congressmen. The Department is proposing appropriation language to waive these costly requirements again in 1991.

The 1991 budget request is sufficient to fund an average of 11.8 scholarships per congressional district. This exceeds the number of scholarships provided for by the program's authorizing statute, which provides for the selection of 10 scholars from each congressional district. The maintenance of program benefits from year to year does not involve increased costs because all program expenses are based on the size of each award, which is set by statute at $1,500. Program provisions do not permit any adjustments to the size of an award.

Impact Data	1989	1990	1991
Number of scholars 1/	4,880	5,150	5,150
Average scholarship	$1,500	$1,500	$1,500
Budget authority	$8,200,000	$8,627,000	$8,627,000

1/ Students may receive only one Byrd Scholarship, for their first year of postsecondary study.

5. Aid for students: c. Scholarships and fellowships: (2) National science scholars
(Proposed legislation)

1991 Authorization: $5,000,000 (proposed)

Budget authority:

1990 Appropriation	1991 Request	Increase or Decrease
—	$5,000,000	+$5,000,000

Purpose and Method of Operation

The National Science Scholars program was first proposed by President Bush in February 1989, as he outlined his "Building a Better America" agenda. The program was subsequently incorporated into the proposed "Educational Excellence for a Better America Act" that was transmitted to the Congress April 5, 1989. The National Science Scholars program would encourage achievement in the sciences by providing scholarships to graduating high school students who have excelled in the sciences, mathematics, and engineering. The scholarships would recognize the academic achievement of these students and would encourage them to continue their education in these academic areas at the postsecondary level.

Each State would nominate between four and ten students per congressional district to receive scholarships. The President would select a total of 570 scholars after considering the recommendations of an advisory board composed of the President's Science Advisor, the Secretary of Education, and the Director of the National Science Foundation (30 scholarships) and the recommendations of Senators and members of the House of Representatives (540 scholarships). The scholars would be nominated in accordance with specific academic achievement criteria that would be developed by the Secretary in consultation with a panel of scientists, mathematicians, engineers and representatives of industries using advanced technologies.

In order to receive an initial scholarship, a student would have to be accepted for enrollment as a full-time student at an eligible postsecondary institution, and declare a major in one of the life, physical, or computer sciences, mathematics or engineering. A student would have to maintain a superior level of achievement in one of the approved majors as a full-time student in order to receive additional scholarships.

The Secretary would disburse scholarships directly to institutions via grants, contracts, or cooperative agreements. An initial scholarship would be awarded for the student's first year of postsecondary education. If the student maintains eligibility, the student would receive scholarships for up to

Purpose and Method of Operation — Continued

3 additional years (or 4, if the student is in a course of study requiring attendance for 5 academic years). Scholars would receive up to $10,000 a year. In order to prevent over-awarding of assistance, the actual amount received could not exceed the cost of attendance less any other aid received. The bill would authorize $5 million for fiscal year 1991. The amount authorized would increase in increments of $5 million per year thereafter. These funding levels would ensure that the scholars would be supported throughout their undergraduate study and that a new group of 570 scholars would be selected each year.

This program would be a current-funded program for which funds are available for obligation from October 1 to September 30.

Accomplishments

The National Science Scholars program would be authorized for the first time in 1991.

1991 Budget Proposal

For 1991, the Department proposes $5 million for National Science Scholars. No funds were appropriated for this proposed program in 1990.

Recent studies show that science and mathematics literacy among American school children is at an extremely low level. The 1988 Science Report Card, a study financed under the National Assessment of Educational Progress program, found that science achievement remains well below 1969 levels, with over half of the 17-year-olds so poorly trained in science that they cannot benefit from job training and cannot perform work requiring basic technical understanding. Only 7.5 percent of 17-year olds demonstrate sufficient skills to do well in college-level courses. Science proficiency for black and Hispanic students aged 13 and 17 is at least four years behind the level of whites. Females demonstrate appreciably lower skills than males. The National Research Council reported a similar situation in the field of mathematics: three out of four students do not master enough mathematics skills to do well at work or in college.

Given these findings, it is not surprising that colleges and universities are producing fewer students with undergraduate and graduate degrees in the sciences and mathematics. Notwithstanding significant increases in undergraduate enrollment, the 1988 Digest of Educational Statistics data show that the number of degrees awarded in mathematics and the sciences has dropped—often substantially—from prior year peaks. In 1985-86, undergraduate enrollment totalled 10.6 million compared with only 7.3 million

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1991 Budget Proposal — Continued

students in 1970-71. However, only 38,524 bachelors degrees were conferred in 1985-86 in the life sciences compared with 54,275 in 1975-76. About 16,300 degrees in mathematics were awarded in 1985-86 compared with 24,801 in 1970-71. Less than 22,000 degrees in the physical sciences were conferred in 1985-86 compared with 24,052 in 1981-82.

Graduate school enrollment has also increased (for example, from 1.0 million in 1970-71 to 1.4 million in 1985-86). However, the number of doctorates conferred has not kept pace with this increase. Doctorates in the life sciences peaked in the early 1970's, declined slightly, peaked again in the early 1980's and again in 1988. However, much of the 1980's increase has been in the health sciences, particularly nursing. Doctorates in the broad fields of physical sciences and engineering peaked in the early 1970's, declined in the latter part of the decade, and began climbing again in the 1980's. However, the number of physical science degrees in 1988—5,309—is still 430 less than the peak set in 1971. Doctoral degrees in mathematics totaled only 749 in 1988 compared with 933 in 1977. In 1960, about 87 percent of new physical scientists doctorates and 77 percent of new engineering doctorates were awarded to U.S. citizens. In 1988, the U.S. citizen percentages were 65 and 46, respectively. Half of the mathematics doctorates were awarded to non-U.S. citizens.

The Nation is currently facing another problem that is related to the distressing situation described above. There is a reported shortage of elementary, secondary and postsecondary education teachers in the sciences, mathematics, business, and computer science fields. Furthermore, these shortages are expected to worsen in the next five years.

The proposed National Science Scholars program provides an excellent vehicle to begin addressing the problems outlined above. The high visibility, prestigious nature, and significant financial reward of scholarships would attract the attention of educators, capable high school students, and the American public regarding the importance of science and mathematics education. More specifically, the program would provide an incentive to high school students to excel in science and mathematics by recognizing their achievement. It would also provide students with immediate, tangible resources if they continue their studies in these fields at an undergraduate level. Given their superior academic caliber, many of the scholars would undoubtedly continue their studies at a graduate level. This would help provide the United States with a continuing supply of talented, academically qualified teachers, and talented scientists, mathematicians, and engineers, and would help the United States to remain competitive in today's world markets.

Higher Education

5. Aid for students: c. Scholarships and fellowships: (2) National science scholars

Impact Data	1989	1990	1991
Number of scholars	---	---	570
Average scholarship	---	---	$8,770
Budget authority	---	---	$5,000,000

5. Aid to students: c. Scholarships and fellowships:
(3) Paul Douglas teacher scholarships
(Higher Education Act of 1965, Title V, Part D, Subpart 1)

1991 Authorization: Indefinite

Budget Authority:

1990 Appropriation	1991 Request	Increase or Decrease
$14,922,000	$14,922,000	---

Purpose and Method of Operation

The Paul Douglas Teacher Scholarship program is intended to encourage outstanding high school graduates to pursue courses of study at the postsecondary level which would lead to teaching careers in elementary and secondary education.

Outstanding high school graduates interested in studying elementary and secondary school teaching are eligible for up to four years of scholarship assistance to attend undergraduate school. State agencies receive formula grants to provide up to $5,000 per academic year to recipients chosen on the basis of State-established merit criteria. Recipients must agree to teach for two years per year of supported study or repay with interest the amount of the scholarship, prorated according to the fraction of the teaching obligation not completed. However, recipients who teach in designated teacher shortage areas are obligated to teach only one year for each year of scholarship assistance they have received. The State agencies are responsible for enforcing program rules.

This is a current-funded program for which funds are available for obligation from October 1 to September 30.

Accomplishments

Fiscal year 1986 was the first year in which funds were appropriated for this activity. Approximately 3,600 scholars were assisted by this program in fiscal years 1986 and 1987.

1991 Budget Proposal

The fiscal year 1991 budget request for Paul Douglas Teacher Scholarships is $14.922 million, which is the same as the fiscal year 1990 appropriation. The Department's request for this program supports the goal of improving educational excellence. More specifically, continued funding for the program would help meet the Nation's needs for elementary and secondary teachers in identified areas and would also address concerns about the quality of

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1991 Budget Proposal — Continued

education in those areas. The 48 States currently participating in the program should be supported in their efforts to meet the needs for additional teachers that they have documented in their applications for program participation.

Impact Data	1989	1990	1991
Number of awards	3,630	3,550	3,550
Average award	$4,200	$4,200	$4,200
Budget authority	$15,235,000	$14,922,000	$14,922,000

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5. Aid for students: c. Scholarships and fellowships: (4) Patricia Roberts Harris graduate fellowships (Higher Education Act of 1965, Title IX, Part B)

1991 Authorization: Indefinite

Budget Authority: —

1990 Appropriation	1991 Request	Increase or Decrease
$16,034,000	$17,780,000	+$1,746,000

Purpose and Method of Operation

Patricia Roberts Harris Graduate Fellowship grants are awarded to institutions of higher education to support fellowships for graduate and professional students from minority groups that have been traditionally underrepresented in colleges and universities. The Department allocates grants on a competitive basis to institutions with doctoral and professional degree programs. The institutions, in turn, recruit individuals from underrepresented groups and award fellowships to students who demonstrate financial need and who plan to pursue advanced degrees in academic areas of high national priority. Fellows are granted waivers of institutional tuition and mandatory fees and receive an annual stipend of up to $10,000. In addition, a $6,000 educational allowance per fellow is provided to each institution to help cover each fellow's tuition and other expenses.

A fellow who maintains satisfactory progress in his or her course of study may have the fellowship renewed annually, subject to the availability of funds, for a period of up to 36 months. Institutions do not need to compete for grants to fund these continuation awards.

This is a current-funded program for which funds are available for obligation from October 1 to September 30.

Accomplishments

Funds were first appropriated for this program in 1978 in the amount of $3.250 million. Institutional grants (for improving faculty, expanding graduate programs, strengthening administrative operations, supporting cooperative agreements with other institutions, and renting or purchasing equipement) were awarded to 26 schools, and 352 fellows at 55 institutions received fellowships averaging $7,800. Authority for the institutional grants was repealed in 1981, but annual appropriations continued to increase periodically. To date, over $141 million has been appropriated for this program since its inception. The average award remained relatively constant, with increases in the number of fellowships, from 1978 until 1987. In that

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Accomplishments — Continued

year, as a result of an increase in the maximum award under the Education Amendments of 1986, the number of fellowships dropped, and the average award increased greatly.

The purpose of the program has always been to serve those traditionally underrepresented in graduate and professional school. In both 1987-88 and 1988-89 fellowships were distributed approximately as follows:: blacks, 54 percent; Hispanics, 19 percent; Asian or Pacific Islanders, 5 percent; Native American/Alaskan American, 3 percent; and whites, 19 percent. The majority of white participants in each year was female.

Institutions are responsible for identifying areas of high national priority and supporting their selection. The fields studied by fellows have therefore varied somewhat over the years. However, in 1989, the top four intended areas of study were: life sciences (26%), law (14%), physical sciences (13%), and engineering (11%).

1991 Budget Proposal

For Patricia Roberts Harris Graduate Fellowships, $17.780 million is requested. This is $1.746 million more than the fiscal year 1990 appropriation. This request would help address the following major goals with respect to underrepresented minorities: expanding educational opportunities; improving educational achievement, particularly in areas of national need; and increasing the supply of qualified faculty.

According to the National Science Foundation's 1987-88 Survey of Earned Doctorates, 33,456 Ph.D.s were graduated from U.S. universities in 1988. While this represents an increase of 1,089 degrees over 1987, it is nevertheless 299 degrees less than the number of doctorates awarded in the peak year of 1973. Also, 25 percent (7,787) of the doctoral recipients were of a foreign nationality, and of these most had only temporary visas suggesting eventual return to their country of origin.

Among U.S. citizens, several minority groups receive a disproportionately low number of doctorates relative to their proportions in the general population. The 1980 census indicated that whites were 83 percent of the population, Asians were 2 percent, American Indians were 1 percent, blacks were 12 percent and Hispanics were 6 percent. In contrast, in 1988 whites received 90.8 percent of the doctorates, Asians 2.7 percent, American Indians 0.4 percent, blacks 3.5 percent and Hispanics 2.6 percent. In addition, while the American Indian and Hispanic Ph.D. populations have, in general, been slowly growing over the last decade, their numbers decreased in 1988 compared with 1987. Furthermore, the black Ph.D. population has declined 14 percent since 1978: in 1978, 1,106 blacks received 4.4 percent of the doctorates awarded to U.S. citizens; in 1988, 805 blacks received 3.5 percent.

1991 Budget Proposal -- Continued

The number of women receiving doctorates increased in 1988, as it has every year since NSF surveying began. However, women still accounted for only 35.2 percent of all doctorates (11,790 doctorates awarded to women compared with 21,666 doctorates awarded to men).

Low percentages of minority doctoral recipients in 1988 in the life sciences, physical sciences, and engineering are highly disturbing. In the life sciences, 93.1 percent of the 1988 Ph.D.s awarded to U.S. citizens were awarded to whites; 3.0 percent to Asians; 0.4 percent to American Indians, 1.6 percent to blacks; and 1.9 percent to Hispanics. In the physcial sciences, 92.9 percent of the Ph.D.s went to whites; 3.5 percent went to Asians; 0.4 percent went to American Indians; 1.0 percent went to blacks; and 2.2 percent went to Hispanics. Percentages for engineering Ph.D.s were whites, 88.1 percent; Asians, 8.1 percent; American Indians, 0.2 percent; blacks, 1.1 percent; and Hispanics, 2.5 percent. The disparity in recipients by gender is particularly great in these fields. For example, in 1988 only 881 women received doctorates in physical sciences (16.6 percent), only 285 in engineering (6.8 percent) and only 2,260 in life sciences (36.8 percent).

The increase in the number of foreign doctoral recipients is particularly striking in areas of national need. In 1960, about 87 percent of the physical science doctorates and 77 percent of the engineering doctorates awarded in that year were conferred on U.S. citizens. In 1988, the U.S. citizen percentages were 65 and 46, respectively. Half of the 1988 mathematics doctorates were awarded to non-U.S. citizens.

The Commission on Higher Education has recently reported disparate dropout rates for minority students seeking master's and doctoral degrees as well. While the dropout rates for all ethnic groups are staggering, those for blacks (45 percent) and Hispanics (52 percent) are even worse than those for whites (41 percent).

The Nation is currently facing another problem that is related to the distressing situation described above. There is a reported shortage of postsecondary education faculty, particularly in the sciences, mathematics, business and computer science fields, and particularly with respect to women and underrepresented minorities. Furthermore, these shortages are expected to worsen in the next five years.

The Patricia Roberts Harris Graduate Fellowships program helps financially disadvantaged minorities and women gain access to graduate and professional education in areas of national need. The substantially increased funding proposed by the President would further help direct financial assistance to underrepresented groups, and would assist in improving educational achievement

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1991 Budget Proposal -- Continued

in areas of national need. An estimated 1,147 students would be assisted under the increased funding in 1991, compared with 1,034 under the 1990 appropriation--an 11-percent increase. This increase would result in an increase of traditionally underrepresented doctoral recipients, many of them in areas of national need. It would help ensure an increased supply of academically qualified minority faculty at postsecondary institutions. It would also strengthen the United States' position as a world leader by ensuring a highly skilled workforce that can meet the demands of an increasingly technological society.

Impact Data	1989	1990	1991
Number of grants	186	186	198
Average grant	$84,468	$86,204	$90,000
New awards:			
Number of fellows	397	217	517
Average fellowship	$15,479	$15,500	$15,500
Total funding	$6,145,000	$3,357,000	$8,014,000
Non-competing continuation awards:			
Number of fellows	618	818	630
Average fellowship	$15,479	$15,500	$15,500
Total funding	$9,566,000	$12,677,000	$9,766,000
Total awards:			
Number of fellows	1,015	1,035	1,145
Average fellowship	$15,479	$15,500	$15,500
Budget authority	$15,711,000	$16,034,000	$17,780,000

5. Aid for students: c. Scholarships and fellowships: (5) Patricia Roberts Harris public service fellowships
(Higher Education Act of 1965, Title IX, Part B)

1991 Authorization: Indefinite

Budget Authority:

1990 Appropriation	1991 Request	Increase or Decrease
$3,277,000	$1,189,000	-$2,088,000

Purpose and Method of Operation

Patricia Roberts Harris Public Service Fellowships grants are awarded to institutions of higher education on a competitive basis to support fellowships for graduate and professional students who demonstrate financial need and who plan to pursue a career in public service at any level of government or in non-profit community services organizations. Public Service Education Fellowships are intended to provide post-baccalaureate opportunities for qualified students, particularly individuals from minority groups that are traditionally underrepresented in the field of public service. Fellows are granted waivers of institutional tuition and mandatory fees and receive an annual stipend of up to $10,000. In addition, a $6,000 educational allowance is provided to the institution for each fellow to help cover the fellow's tuition and other expenses.

A fellow who maintains satisfactory progress in his or her course of study may have the fellowship renewed annually, subject to the availability of funds, for a period of up to 36 months. Institutions do not need to compete for grants to fund these continuation awards.

This is a current-funded program for which funds are available for obligation from October 1 to September 30.

Accomplishments

Funds were first appropriated for this program in 1975 in the amount of $4 million. Institutional grants (for improving faculty, expanding graduate public service programs, strengthening administrative operations, cooperative agreements with other institutions, and renting or purchasing equipement) were awarded to 58 schools, and 263 fellows at 52 institutions received fellowships averaging $6,464. The appropriations remained level through 1980, with less funds allocated to institutional grants and more to fellowships. This supported an increase in the numbers of students at more institutions receiving larger awards. The authority for institutional grants was repealed in 1981, and only $2 million was appropriated for fellowships in that year.

Accomplishments — Continued

Since that time, appropriations have generally increased, with a maximum appropriation of $3.320 million in 1989. In more recent years, the number of fellowships has dropped substantially (for example, from 309 in 1985 to 218 in 1989), while the average fellowship has greatly increased (from $8,091 in 1985 to $15,229 in 1989). The number of institutions attended has ranged from 49 to 87 in the 1985-89 period.

The Education Amendments of 1986 introduced greater emphasis on serving those from traditionally underrepresented backgrounds. Fiscal year 1989 funds were awarded to the following ethnic/racial groups: blacks (40%), Hispanics (17%), Asian Americans (5%), Native Americans (5%), and whites (33% — 29% female and 4% male). A breakout of 1989 funds by academic discipline is not available. However data from prior years suggest most fellows pursue master's degrees in public administration or closely-related fields.

1991 Budget Proposal

For Patricia Roberts Harris Public Service Education Fellowships, $1.189 million is requested. This is $2.088 million less than the fiscal year 1990 appropriation.

The President proposes to eliminate Federal support for this program after 1991. This would enable 1990 fellows to complete their 2-year programs under non-competing continuation awards. Reliance on market forces is more effective and appropriate than Federal intervention in meeting manpower needs in public service fields. There is no shortage of qualified individuals for employment in the field of public service. In 1985-86, over 5,100 masters degrees were awarded in public administration and public policy studies. Over 100 doctoral degrees were awarded in those subjects in the same year. In addition, many institutions currently offer high-quality graduate programs in public administration, thus suggesting little need for Federal financial support in this area of study. Needy graduate students in public service fields who are unable to secure institutional or private support are eligible for assistance under the Department's Guaranteed Student Loan, Perkins Loan, Work-Study, and other student aid programs.

Impact Data	1989	1990	1991
Number of grants	64	64	50
Average grant	$51,875	$51,203	$23,780
New awards:			
Number of fellows	140	75	—
Average fellowship	$15,229	$15,227	—
Total funding	$2,132,000	$1,142,000	—

Higher Education

5. Aid for students: c. Scholarships and fellowships: (5) Patricia Roberts Harris public service fellowships

Impact Data — Continued	1989	1990	1991
Non-competing continuation awards:			
Number of fellows	78	140	75
Average fellowship	$15,231	$15,250	$15,853
Total funding	$1,188,000	$2,135,000	$1,189,000
Total awards:			
Number of fellows	218	215	75
Average fellowship	$15,229	$15,241	$15,853
Budget authority	$3,320,000	$3,277,000	$1,189,000

5. Aid for students: c. Scholarships and fellowships: (6) Jacob K. Javits fellowships
(Higher Education Act of 1965, Title IX, Part C)

1991 Authorization: Indefinite

Budget authority:

1990 Appropriation	1991 Request	Increase or Decrease
$7,896,000	$5,424,000	-$2,472,000

Purpose and Method of Operation

The Jacob K. Javits Fellowships program provides fellowships to students of superior ability in doctoral programs in the arts, humanities, and social sciences. In accordance with statutory requirements, a Fellowship Board establishes program policies, oversees program operations, annually selects fields of study in which fellowships are to be awarded, determines the number of fellowships to be awarded in each designated field, and appoints panels to select fellows. The Fellowship Board guidelines for fellowship distribution for 1990 are as follows: 40 percent in the humanities, 25 percent in the social sciences, and 15 percent in the arts, with the remaining 20 percent to be allocated by decision of a Board-appointed National Review Panel.

Javits fellows are selected by means of a national competition on the basis of demonstrated achievement and exceptional promise. They may pursue doctoral study at any participating institution of their choice. Fellowships are disbursed by the Department to institutions. The institutions then pay fellows stipends that may not exceed the lesser of $10,000 or demonstrated need and retain institutional allowances of $6,000 to help cover each fellow's tuition and other expenses. Fellowships are normally awarded for a period of one year. They are renewed annually, subject to the availability of funds, for up to four years of study.

This is a current-funded program for which funds are available for obligation from October 1 to September 30.

Accomplishments

Funds were first appropriated for this program in 1985 in the amount of $2.5 million. With the exception of a slight decrease in funding in 1986, appropriations have increased substantially since 1985. The 1990 appropriation of $7.896 million represents a 216 percent increase over the 1985 appropriation. The number of grants awarded to institutions and the number of fellowships have also increased, from 37 institutional awards and 82 fellows in 1985, to 165 institutional awards and 579 fellows in 1989. The average award has ranged from $11,341 to $14,373. Approximately 60 percent of

Accomplishments — Continued

the awards to date have been made to men, and 40 percent have been made to women. Data on other characteristics of recipients are not collected.

The statute stipulates that fellows must study in one of the following fields: the arts, humanities or social sciences. However, the percentage of fellows in each area has varied from one year to the next based on the Fellowship Board's annual guidelines. In 1989, the fellowships were distributed as follows: 20 percent in the arts; 30 percent in the social sciences; and 50 percent in the humanities.

1991 Budget Proposal

For Jacob K. Javits Fellowships, $5.424 million is requested. This is $2.472 million less than the fiscal year 1990 appropriation. The President proposes to phase out Federal support for this program over a three-year period, during which time non-competing continuation awards will enable 1990 fellows to complete their education.

The Jacob K. Javits program is geared neither towards assisting disadvantaged persons, nor towards study in high priority academic disciplines. Furthermore, there are a wide variety of other Federal and non-Federal sources of financial support available for graduate and professional study in the arts, humanities and social sciences. These include Federal student aid, including Guaranteed Student Loans, Perkins Loans and Work-Study awards as well as aid funded by the National Endowment for the Humanities, and support from postsecondary institutions, foundations, and other private sources. In sum, the Jacob K. Javits program does not support important national goals, and it duplicates other forms of Federal and non-Federal financial aid for graduate study. It is an unnecessary taxpayer expense.

Impact Data	1989	1990	1991
New awards:			
Number of fellows	135	83	—
Average fellowship	$13,652	$14,687	—
Total funding	$1,843,000	$1,219,000	—
Non-competing continuation awards:			
Number of fellows	444	454	369
Average fellowship	$13,651	$14,707	$14,700
Total funding	$6,061,000	$6,677,000	$5,424,000
Total awards:			
Number of fellows	579	537	369
Average fellowship	$13,651	$14,700	$14,700
Budget authority	$7,904,000	$7,896,000	$5,424,000

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5. Aid for students: c. Scholarships and fellowships:
   (7) Minority participation in graduate education
   (Higher Education Act of 1965, Title IX, Part A)

1991 Authorization: Indefinite

Budget Authority:

1990 Appropriation	1991 Request	Increase or Decrease
$3,547,000	$6,094,000	+$2,547,000

Purpose and Method of Operation

Minority Participation in Graduate Education provides fellowship aid for talented undergraduate students who demonstrate financial need and are from minority groups underrepresented in graduate education. The purpose of the program is to provide these undergraduate students with effective preparation for graduate study by means of summer research internships, seminars and other educational experiences.

Institutions of higher education compete annually for grants under this program. The project period lasts between six weeks and one year. Institutions are responsible for identifying, recruiting and making available fellowship aid to eligible students, and providing such students with effective preparation for graduate study. All funds received under this program must be used for direct fellowship aid and can cover the costs of need-based stipends, room and board, transportation and tuition.

This is a current-funded program for which funds are available for obligation from October 1 to September 30.

Accomplishments

Fiscal year 1989 was the second year in which funds were appropriated for this program. Grants were awarded to 45 institutions to fund graduate school preparation activities of an estimated 998 undergraduates.

1991 Budget Proposal

For Minority Participation in Graduate Education, $6.094 million is requested, which is $2.547 million more than the 1990 appropriation. The President's request would help address the following major goals: helping students who are financially needy; expanding graduate educational opportunity for minorities; improving educational achievement; and increasing the supply of qualified minority faculty.

1991 Budget Proposal — Continued

Among U.S. citizens, several minority groups receive a disproportionately low number of doctorates relative to their proportions in the general population. The 1980 census indicated that whites were 83 percent of the population, Asians were 2 percent, American Indians were 1 percent, blacks were 12 percent and Hispanics were 6 percent. In contrast, in 1988 whites received 90.8 percent of the doctorates, Asians 2.7 percent, American Indians 0.4 percent, blacks 3.5 percent and Hispanics 2.6 percent. In addition, while the American Indian and Hispanic Ph.D. populations have, in general, been slowly growing over the last decade, their numbers decreased in 1988 compared with 1987. Furthermore, the black Ph.D. population has declined 14 percent since 1978: in 1978 1,106 blacks received 4.4 percent of the doctorates awarded to U.S. citizens; in 1988, 805 blacks received 3.5 percent. The number of women receiving doctorates increased in 1988, as it has every year since NSF surveying began. However, women still accounted for only 35.2 percent of all doctorates (11,790 doctorates to women compared with 21,666 doctorates to men).

The Commission on Higher Education has recently reported disparate dropout rates for minority students seeking master's and doctoral degrees. While the dropout rates for all ethnic groups are staggering, those for Blacks (45 percent) and Hispanics (52 percent) are even worse than those for whites (41 percent).

The Nation is currently facing another problem that is related to the distressing situation described above: there is a reported shortage of minority elementary, secondary, and postsecondary education teachers. Furthermore, these shortages are expected to worsen in the next 5 years.

The Minority Participation in Graduate Education program helps improve the accessibility of graduate education to financially disadvantaged minorities by providing them with effective preparation for graduate school. The substantially increased funding proposed by the President would further expand efforts to ensure the success of needy minority students as they pursue graduate degrees. An estimated 1,741 students would be assisted under the increased funding in 1991, compared with 1,013 under the 1990 appropriation—a 72 percent increase. It is expected that this increase would eventually contribute towards greater availability of minority faculty at postsecondary institutions as more and more minority students complete their graduate training.

Impact Data	1989	1990	1991
Number of grants	45	45	60
Average grant	$77,244	$78,822	$101,567
Number of fellows	998	1,013	1,741
Average fellowship	$3,483	$3,500	$3,500
Budget authority	$3,476,000	$3,547,000	$6,094,000

5. Aid for students: c. Scholarships and fellowships: (8) Graduate assistance in areas of national need
(Higher Education Act of 1965, Title IX, Part D)

1991 Authorization: Indefinite

Budget Authority:

1990 Appropriation	1991 Request	Increase or Decrease
$15,793,000	$25,483,000	+$9,690,000

Purpose and Method of Operation

Graduate Assistance in Areas of National Need provides fellowships to assist financially needy graduate students of superior ability studying in areas of national need. These areas of national need are designated by the Secretary in consultation with the National Science Foundation, the National Academy of Sciences, the National Endowments for the Arts and the Humanities, and other appropriate Federal and nonprofit agencies and organizations. In fiscal year 1990 the designated areas of need are chemistry, engineering, mathematics and physics.

Graduate degree-granting academic departments and programs of institutions of higher education and such departments and programs in consortium with non-degree-granting institutions that support doctoral dissertation research are eligible to compete annually for awards under this program. The project period is up to three years in length. Institutions need not compete for second- and third-year continuation awards. Institutions must match 25 percent of the grant amount. Sixty percent of the grant must be used for stipends not to exceed $10,000 per year or the demonstrated level of need, whichever is less. Forty percent of the grant may be awarded to fellowship recipients to pay their tuition and fees and other costs of education. Grant funds may not be used for the academic department or program's general operational overhead.

Fellowship recipients must be graduate students, have financial need, have excellent academic records, plan teaching or research careers, and plan to pursue the highest degree available in their field. In addition, institutions must provide assurances in their applications for grants that they will seek students from traditionally underrepresented backgrounds. Graduate students may receive assistance for no more than five years.

This is a current-funded program for which funds are available for obligation from October 1 to September 30.

Higher Education

5. Aid for students: c. Scholarships and fellowships: (8) Graduate assistance in areas of national need

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Accomplishments

Funds were first appropriated for this program in 1988 in the amount of $7.659 million. Appropriations increased to $12.844 million in 1989 and to $15.793 million in 1990 to accomodate additional cohorts of first-time fellows. The number of fellows increased from approximately 598 in 1988 to 1,003 in 1989, assuming an estimated $16,000 average award. The designated areas of national need in both 1988 and 1989 were chemistry, engineering, mathematics and physics. In both years, approximately one quarter of the available funds were awarded in each area.

1991 Budget Proposal

For Graduate Assistance in Areas of National Need, $25.483 million is requested. This is $9.690 million more than the 1990 appropriation. This significant increase would help meet several major goals. It would help expand educational opportunity for minorities, improve educational achievement, strengthen the national workforce, and increase the supply of qualified faculty in critical fields.

The number of doctorates awarded in fields identified as areas of national need have shown differing trends. Doctorates in the life sciences peaked in the early 1970's, declined slightly, peaked again in the early 1980's, and once more in 1988. However, much of the 1980's increase has been confined to the health sciences, particularly nursing. The number of doctorates in the physical sciences and engineering fields peaked in the early 1970's, declined in the latter part of that decade, and began climbing again in the 1980's. However, the number of physical science degrees in 1988--5,309--is still 430 degrees less than the peak set in 1971. Doctoral degrees in mathematics totaled only 749 in 1988 compared with 933 in 1977.

The decrease in the number of U.S. citizen doctoral degree recipients is particularly striking in areas of national need. In 1960, about 87 percent of the physical science doctorates and 77 percent of the engineering doctorates were awarded to U.S. citizens. In 1988, the U.S. citizens percentages were 65 and 46 respectively. Half of the 1987 mathematics doctorates were awarded to non-U.S. citizens.

Low percentages of minority doctoral recipients in 1988 in the life sciences, physical sciences and engineering are highly disturbing. In the life sciences, 93.1 percent of the 1988 Ph.D.s awarded to U.S. citizens were awarded to whites; 3.0 percent to Asians; 0.4 percent to American Indians; 1.6 percent to blacks; and 1.9 percent to Hispanics. In the physical sciences, 92.9 percent of the Ph.D.s went to whites; 3.5 percent went to

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1991 Budget Proposal — Continued

Asians; 0.4 percent went to American Indians; 1.0 percent went to blacks; 2.2 percent went to Hispanics. Percentages for engineering Ph.D.s were whites, 88.1 percent; Asians, 7.1 percent; American Indians, 0.2 percent; blacks, 1.3 percent; Hispanics, 25 percent. The disparity in recepients by gender, is particularly great in these fields. For example, in 1988 only 881 women received doctorates in physical sciences (16.6 percent), only 285 in engineering (6.8 percent) and only 2,260 in the life sciences (36.8 percent).

The Nation is currently facing another problem that is related to the distressing situation described above: there is a projected shortage of postsecondary education faculty, particularly in the sciences, mathematics, business and computer science fields.

The Graduate Assistance in Areas of National Need program is an ideal mechanism to help meet the goals listed above. The program is specifically directed toward needy students who are studying in areas of national need and are from groups that have traditionally been underrepresented. Such students must have as their career goals either research or teaching.

The substantially increased funding proposed by the President would help direct financial assistance to underrepresented groups and would assist in improving educational achievement in areas of national need. An estimated 1,991 students would be assisted under the request for 1991, compared with 1,234 under the 1990 appropriation—a 61 percent increase. This increase would result in an increase of traditionally underrepresented doctoral recipients in areas of high national need. It would also help provide the United States with an increase in academically qualified minority faculty, as well as with the talented scientists, mathematicians, and engineers needed to enable the United States to remain competitive in today's technologically-oriented world markets.

Impact Data	1989	1990	1991
Number of grants	74	98	142
Average grant	$173,568	$161,184	$180,000
New awards:			
Number of fellowships	405	230	1,339
Average fellowship	$16,000	$16,000	$16,000
Budget authority	$5,185,000	$2,949,000	$17,142,000
Total funds available 1/	$6,481,000	$3,686,000	$21,428,000

Higher Education

5. Aid for student: c. Scholarships and fellowships: (8) Graduate assistance in areas of nation need

Impact Data — Continued	1989	1990	1991
Non-competing continuation awards:			
Number of fellowships	598	1,003	652
Average fellowship	$16,000	$16,000	$16,000
Budget authority	$7,659,000	$12,844,000	$8,341,000
Total funds available 1/	$9,573,000	$16,055,000	$10,426,000
Total awards:			
Number of fellowships	1,003	1,234	1,991
Average fellowship	$16,000	$16,000	$16,000
Budget authority	$12,844,000	$15,793,000	$25,483,000
Total funds available 1/	$16,055,000	$19,741,000	$31,854,000

1/ Includes a 25 percent institutional match.

Higher Education

Robert C. Byrd Honors Scholarships 1/

State or Outlying Area	1989 Appropriation	1990 Appropriation	1991 Request
TOTAL	$8,200,000	$8,627,000	$8,627,000
Alabama	147,011	153,325	153,325
Alaska	28,887	28,900	28,900
Arizona	115,506	124,975	124,975
Arkansas	88,762	93,475	93,475
California	841,605	907,750	907,750
Colorado	110,792	115,525	115,525
Connecticut	99,801	104,500	104,500
Delaware	28,911	30,475	30,475
Florida	324,986	350,200	350,200
Georgia	219,472	233,650	233,650
Hawaii	43,060	44,650	44,650
Idaho	46,258	49,375	49,375
Illinois	372,220	386,425	386,425
Indiana	189,555	197,425	197,425
Iowa	99,746	101,350	101,350
Kansas	85,628	90,325	90,325
Kentucky	132,846	137,575	137,575
Louisiana	164,366	172,225	172,225
Maine	46,243	47,800	47,800
Maryland	142,273	150,175	150,175
Massachusetts	167,501	173,800	173,800
Michigan	309,218	321,850	321,850
Minnesota	140,742	148,600	148,600
Mississippi	106,094	110,800	110,800
Missouri	165,946	175,375	175,375
Montana	36,767	36,775	36,775
Nebraska	60,392	63,550	63,550
Nevada	39,894	43,075	43,075
New Hampshire	41,505	44,650	44,650
New Jersey	228,940	238,375	238,375
New Mexico	61,971	65,125	65,125
New York	528,158	550,225	550,225
North Carolina	208,418	217,900	217,900
North Dakota	32,046	32,050	32,050
Ohio	353,341	369,100	369,100

Higher Education

Robert C. Byrd Honors Scholarships — Continued

State or Outlying Area	1989 Appropriation	1990 Appropriation	1991 Request
Oklahoma	$115,530	$121,825	$121,825
Oregon	91,929	96,625	96,625
Pennsylvania	353,381	370,675	370,675
Rhode Island	36,799	38,350	38,350
South Carolina	123,426	131,275	131,275
South Dakota	33,593	33,625	33,625
Tennessee	162,811	170,650	170,650
Texas	589,581	624,250	624,250
Utah	84,025	88,750	88,750
Vermont	27,300	27,325	27,325
Virginia	183,222	192,700	192,700
Washington	147,051	158,050	158,050
West Virginia	71,454	73,000	73,000
Wisconsin	161,232	170,650	170,650
Wyoming	27,332	27,325	27,325
District of Columbia	25,713	25,750	25,750
Puerto Rico	156,473	164,350	164,350
Undistributed	287	475	475

1/ Funds are distributed to the 50 States, D.C., and Puerto Rico based on: (1) $1,500 multipled by the number of scholarships (based on the 5- to 17-year-old population in the State); plus (2) an administrative allowance equal to $10,000 plus 5 percent of the amount to which the State is eligible under (1).

2/ Allocations to States in fiscal year 1991 are estimates based on the most recently available data from the U.S. Census Bureau as of December 1989. Actual allocations will be based on updated census data available in fiscal year 1991.

Higher Education

Paul Douglas Teacher Scholarships 1/

State or Outlying Area	1989 Appropriation	1990 Appropriation	1991 Request 2/
TOTAL	$15,235,000	$14,922,000	$14,922,000
Alabama	251,879	245,458	245,458
Alaska	32,387	31,355	31,355
Arizona	208,881	208,777	208,777
Arkansas	147,315	143,314	143,314
California	1,706,520	1,694,273	1,694,273
Colorado	203,329	197,528	197,528
Connecticut	198,085	193,459	193,459
Delaware	39,728	39,494	39,494
Florida	741,694	738,111	738,111
Georgia	383,833	379,497	379,497
Hawaii	66,810	65,703	65,703
Idaho	61,566	60,018	60,018
Illinois	714,489	694,967	694,967
Indiana	341,205	332,464	332,464
Iowa	174,828	169,583	169,583
Kansas	152,743	149,298	149,298
Kentucky	229,917	223,019	223,019
Louisiana	275,197	263,769	263,769
Maine	73,226	72,106	72,106
Maryland	279,762	276,575	276,575
Massachusetts	361,192	352,390	352,390
Michigan	567,544	552,910	552,910
Minnesota	261,934	257,725	257,725
Mississippi	161,935	156,777	156,777
Missouri	314,802	307,631	307,631
Montana	49,907	48,170	48,170
Nebraska	98,333	95,862	95,862
Nevada	62,121	63,070	63,070
New Hampshire	65,206	64,925	64,925
New Jersey	473,282	462,015	462,015
New Mexico	92,534	90,177	90,177
New York	1,099,618	1,071,652	1,071,652
North Carolina	395,615	388,293	388,293
North Dakota	41,455	39,912	39,912
Ohio	665,260	649,549	649,549

Higher Education

Paul Douglas Teacher Scholarships — Continued

State or Outlying Area	1989 Appropriation	1990 Appropriation	1991 Request
Oklahoma	$201,848	$193,997	$193,997
Oregon	168,042	165,574	165,574
Pennsylvania	736,327	718,125	718,125
Rhode Island	60,826	59,420	59,420
South Carolina	211,287	207,640	207,640
South Dakota	43,738	42,665	42,665
Tennessee	299,503	292,911	292,911
Texas	1,035,707	1,007,744	1,007,744
Utah	103,638	101,127	101,127
Vermont	33,806	33,330	33,330
Virginia	364,215	359,930	359,930
Washington	279,947	278,130	278,130
West Virginia	117,025	112,257	112,257
Wisconsin	296,542	290,517	290,517
Wyoming	30,228	28,663	28,663
District of Columbia	38,371	36,920	36,920
Puerto Rico	201,725	195,673	195,673
American Samoa	2,178	2,112	2,112
Guam	7,390	7,169	7,169
Northern Marianas	1,147	1,113	1,113
Trust Territory (Palau)	746	724	724
Virgin Islands	6,632	6,433	6,433

1/ Funds are distributed to the 50 States, D.C., Puerto Rico, and the territories on the basis of State population.

2/ Allocations to States in fiscal year 1991 are estimates based on the most recently available data from the U.S. Census Bureau as of December 1989. Actual allocations will be based on updated census data available in fiscal year 1991.

DEPARTMENT OF EDUCATION

Higher Education Facilities Loans

Fiscal Year 1991 Budget Request **Page No.**

Appropriation language.. M-1

Language analysis.. M-2

Amounts available for obligation................................... M-3

Budget authority by activity....................................... M-4

Budget authority by object... M-5

Summary of changes... M-6

Authorizing legislation.. M-7

Table of estimates and appropriations.............................. M-8

Justification:

Activity:

1. Higher education facilities loans.............................. M-9

Higher Education Facilities Loans

Language Analysis

Language Provision	Explanation
For the fiscal year [1990] 1991, no new commitments for loans may be made from the fund established pursuant to title VII, section 733 of the Higher Education Act, as amended (20 U.S.C. 1132d-2).	This language continues the current prohibition on new loan commitments, thereby directing available resources of the revolving fund only toward payment of mandatory program operating costs.

HIGHER EDUCATION FACILITIES LOANS

The Secretary is hereby authorized to make such expenditures, within the limits of funds available under this heading and in accord with law, and to make such contracts and commitments without regard to fiscal year limitation, as provided by section 104 of the Government Corporation Control Act (31 U.S.C. 9104), as may be necessary in carrying out the program for the current fiscal year. For the fiscal year [1990] 1991, no new commitments for loans may be made from the fund established pursuant to title VII, section 733 of the Higher Education Act, as amended (20 U.S.C. 1132d-2). (Department of Education Appropriations Act, 1990.)

Higher Education Facilities Loans

Amounts Available for Obligation

	1989	1990	1991
Appropriation:			
Annual.......................	—	—	—
Permanent (indefinite)......	—	—	—
Subtotal.................	—	—	—
Receipts and reimbursements from:			
Non-Federal sources:			
Loan repayments...........	$6,811,000	$5,862,000	$6,358,000
Interest revenue..........	1,614,000	2,836,000	2,717,000
Loan sales................	—	—	23,100,000
Loan prepayments..........	647,000	—	—
Sale of acquired property.	189,000	—	—
Earnings on loan trusts...	725,000	257,000	—
Sale of certificates of beneficial interest...	—	2,647,000	—
Recovery of prior year obligations.................	329,000	—	—
Unobligated balance, start of year...............	18,615,000	12,387,000	6,147,000
Unobligated balance, end of year.................	-12,387,000	-6,147,000	-5,838,000
Transfer of funds to Treasury.	-10,000,000	-11,695,000	-26,376,000
Total obligations........	6,543,000	6,147,000	5,908,000

Higher Education Facilities Loans

Budget Authority by Activity

	1989 Appropriation	1990 Appropriation	1991 Request
1. Interest expenses on Treasury loan capital:			
(Obligations)...............	($6,531,000)	($6,143,000)	($5,838,000)
2. Loan sale commissions:			
(Obligations)...............	(12,000)	(4,000)	(70,000)
3. Redemption of debt:			
(Treasury loan capital).....	(10,000,000)	(11,695,000)	(26,576,000)
Total budget authority.....	—	—	—
(Total obligations)........	(6,543,000)	(6,147,000)	(5,908,000)
(Total debt redemptions)...	(10,000,000)	(11,695,000)	(26,576,000)

Higher Education Facilities Loans

Budget Authority by Object

	1989 Appropriation	1990 Appropriation	1991 Request
Loan sale commissions:			
Budget authority............	---	---	---
(Obligations)...............	($12,000)	($4,000)	($70,000)
Interest and dividends:			
Budget authority............	---	---	---
(Obligations)...............	(6,531,000)	(6,143,000)	(5,838,000)
Redemption of debt: 1/			
(Treasury loan capital).....	(10,000,000)	(11,695,000)	(26,576,000)
Total, budget authority...	---	---	---
(Total obligations).......	(6,543,000)	(6,147,000)	(5,908,000)
(Total debt redemption)...	(10,000,000)	(11,695,000)	(26,576,000)

1/ This item is not considered an obligation and, therefore, cannot be included under any object class.

Higher Education Facilities Loans

Summary of Changes

1990 Appropriation	―
(Obligations)	($6,147,000)
1991 Request	―
(Obligations)	(5,908,000)
Net change	―
(Obligations)	(-239,000)

	1990 base	Change from base
Increase:		
Program:		
1. Loan sale fees and commissions. Increase is associated with the proposed sale of loans in 1991.	―	―
(Obligations)	($4,000)	(+$66,000)
Decrease:		
Program:		
1. Interest expense on Treasury loan capital. Because of available cash returned to the Treasury in 1991 due to loan sale proceeds, a decrease in the outstanding loan capital resulted. Declining interest rates also contributed to the decrease in the interest expense.	―	―
(Obligations)	(6,143,000)	(-305,000)
Net change		(―)
(Obligations)		(-239,000)

Higher Education Facilities Loans

Authorizing Legislation

Activity	1990 Authorized	1990 Appropriation 1/	1991 Authorized	1991 Request 1/
Unfunded Authorizations:				
New loan commitments (HEA VII-C)	Indefinite	---	Indefinite	---
Operating costs (HEA VII-C).....	Indefinite	---	Indefinite	---
Total Definite authorization..	Indefinite		Indefinite	
Total appropriation............		---		---

1/ Program operating costs will be paid from available resources.

Higher Education Facilities Loans

Table of Estimates and Appropriations

	Budget Estimate to Congress 1/	House Allowance 1/	Senate Allowance 1/	Appropriation 1/2/
1982	$1,350,000	$1,350,000	$48,849,000	$11,096,000
1983	20,143,000	20,143,000	20,143,000	20,143,000
1984	19,846,000	19,846,000	19,846,000	19,846,000
1985	14,194,000	14,194,000	14,194,000	14,194,000
1986	17,996,000	17,996,000	17,996,000	17,996,000
1986 Sequester	-5,000	---	---	-5,000
1987	19,205,000	19,205,000	19,205,000	19,205,000
1988	---	---	---	---
1989	---	---	---	---
1990	---	---	---	---
1991	---			

1/ Excludes permanent indefinite appropriation for payment of participation sales insufficiencies under the Participation Sales Act of 1966 and the HEW Appropriation Act of 1968.

2/ Reflects enacted supplementals, rescissions and reappropriations in amounts appropriated prior to fiscal year 1985.

Higher Education Facilities Loans

1. Higher Education Facilities Loans
(Higher Education Act, Title VII, Part C)

1991 Authorization: Indefinite

Budget Authority:

	1990 Appropriation	1991 Request	Increase or Decrease
Annual Appropriation (Definite)...............	—	—	—
(Obligations)............	($6,147,000)	($5,908,000)	(-$239,000)

Purpose and Method of Operation

The Higher Education Facilities Loans program is designed to support financing for the construction, reconstruction, renovation, and equipping of higher education academic facilities. This financing is intended to help States, local communities, and individual higher education institutions in: building, renovating, and maintaining academic and research facilities and equipment; providing facilities for advanced skill training programs related to emerging technologies; accommodating unusual increases or programmatic shifts in enrollment; meeting various Federal, State, and local facilities requirements with regard to access for the handicapped, health and safety, environmental protection, and hazardous waste disposal; removing asbestos hazards in existing facilities; and preserving significant architecture.

Direct, interest subsidized loans were made from the revolving fund to institutions of higher education and higher education building agencies prior to 1982. Currently, however, the program simply manages and services the existing portfolio of prior year loans. This includes carrying out loan collections and property disposition activities, the prepayment discount program, loan sales, and resolution of defaulted loans. The revolving loan fund receives revenue from principal repayments and interest on prior year loans and from loan sales and discounted prepayments. In years when these offsetting collections are insufficient to finance the program's operating costs, direct appropriations are required to cover the difference.

Funds flow from the revolving loan fund for interest expenses on Treasury-provided loan capital and loan sale fees and commissions. These expenses are met from fund resources derived through loan repayments, interest revenue, loan sales, discounted prepayments and other income. The interest rate paid by borrowers for loans financed with appropriated capital (averaging about 4 percent) is less than the interest rate which must be paid by the

Higher Education Facilities Loans

1. Higher education facilities loans

Purpose and Method of Operation — Continued

Department to Treasury on the outstanding balance amount (9.375 percent in 1988, 9.125 percent in 1989 and 8.125 percent in 1990). In the past, the resulting differential has been met with appropriated dollars (under an annual, definite authority). For 1991, operating income, including revenue from discounted loan prepayments, is expected to be sufficient to finance all expenses.

Accomplishments

During the period of substantial higher education growth in the 1960s, this program was created to help finance the construction of new academic facilities for the Nation's campuses, and also to help renovate existing facilities. Over a period of 11 years (fiscal years 1965-75), the program's revolving fund supported hundreds of direct, subsidized, long-term loans to institutions of higher education and higher education building agencies. Primarily, this institutional assistance was provided to help accommodate unusual increases in enrollment and to help maintain and expand research facilities. Also, at the direction of the Congress, several more recent loans (two each in 1978 and 1981) to specified institutions were made from the unobligated balance then available in the revolving fund. In total, since the program's inception, over $520 million in loans has been awarded to over 660 institutions.

Sale of Certificates of Beneficial Interest. In 1989, the Department began to negotiate the sale of its certificates of beneficial interest. These certificates, owned as a result of loan sales in 1987 and 1988, provided the Department with residual cash flow payments on a semi-annual basis. The payments were sent to the Department through the loan trusts created in 1987 and 1988 as a result of the sale of loan obligations. The sale of the certificates was completed on December 5, 1989; this marked the first time the Government had successfully sold such residual cash flow interests. Net proceeds from the sale were $26.3 million for this account and the College Housing Loans account, combined. The proceeds represented the market value of the certificates. The discount rate offered by the buyers was within the 12 to 14 percent range presented by the Department and approved by OMB and the Treasury. Proceeds were approximately 25 percent of the par value at the time of sale. Approximately $2.6 million of the proceeds was credited to this account.

Higher Education Facilities Loans

1. Higher education facilities loans

Credit Management Improvements. The Department continued to pursue the collection of debt payments for institutions in default. These efforts, which have centered on negotiating prepayment and discount payment options for institutions in chronic default, continue to reduce the outstanding defaulted debt held by the Department.

1991 Budget Proposal

For Higher Education Facilities Loans, no appropriation and no authorization to make new loan commitments are requested, which is the same as the fiscal year 1990 appropriation action. Resources of the fund (derived through loan repayments, interest revenue, loan sales, discounted prepayments, and other income) are expected to be sufficient to finance all program operating costs in 1991.

The statutory prohibition on the sale of both College Housing Loans and Higher Education Facilities Loans after fiscal year 1988 is proposed to be repealed. Loan sales should be authorized to the extent to which the Government's financial interests are best served. The return of funds to the Treasury to repay the existing debt will reduce interest payments each year, and thereby reduce the largest expense in the account. By repealing this prohibition on sales, the Government expects to achieve in fiscal year 1991 $23.4 million in loan sale revenue from this portfolio and another $213.1 million from the College Housing Loans portfolio. This will reduce the loan principal balance and interest payments to the Treasury and also help reduce the Federal deficit.

Higher Education Facilities Loans

1. Higher education facilities loans

Impact Data ($ in millions)	1989	1990	1991
New loan commitments	—	—	—
Outstanding loans, end of year			
—Total volume	$103.5	$97.6	$49.4
-Default volume	$8.9	$8.9	$9.7
-% in default	8.6%	9.1%	19.6%
—Collections			
-Principal:			
-Repayments	-$6.9	-$5.9	-$6.4
-Prepayments 1/	-$.7	—	—
—Interest repayments	$1.6	$2.8	$2.7
—Loan sale proceeds	—	—	-$23.4
—Sale of certificates of beneficial interest	—	$2.6	—

1/ A prepayment discount program for all borrowers was offered only in fiscal year 1987. Selected borrowers, whose loans do not qualify for sale, continue to be eligible for the prepayment program.

DEPARTMENT OF EDUCATION

College Housing and Academic Facilities Loans

Fiscal Year 1991 Budget Request — **Page No.**

Appropriation language.. N-1

Language analysis... N-2

Amounts available for obligation.............................. N-3

Budget authority by activity.................................. N-4

Budget authority by object.................................... N-4

Summary of changes.. N-5

Authorizing legislation....................................... N-6

Table of estimates and appropriations......................... N-7

Justification:

Activity:

1. College housing and academic facilities loans...... N-8

COLLEGE HOUSING AND ACADEMIC FACILITIES LOANS

Pursuant to title VII, part F of the Higher Education Act, as amended, for necessary expenses of the college housing and academic facilities loans program, the Secretary shall make expenditures, contracts, and commitments without regard to fiscal year limitation: Provided, That during fiscal year [1990] 1991, gross commitments for the principal amount of direct loans shall be [$30,000,000] $5,000,000.

For payment of interest on funds borrowed from the Treasury pursuant to section 761(d) of the Higher Education Act, as amended, [$5,129,000] $8,449,000, to remain available until expended. (Department of Education Appropriations Act, 1990.)

College Housing and Academic Facilities Loans

Language Analysis

Language Provision	Explanation
Provided, That during fiscal year [1990] 1991, gross commitments for the principal amount of direct loans shall be [$30,000,000] $5,000,000.	Limits new loan authority to $5,000,000 in 1991.

College Housing and Academic Facilities Loans

Amounts Available for Obligation

	1989	1990	1991
Appropriation:			
Annual................	$1,675,000	$5,129,000	$8,449,000
Borrowing authority..	29,640,000	30,000,000	5,000,000
Subtotal, appropriation	31,315,000	35,129,000	13,449,000
Receipts and reimbursements from:			
Non-Federal sources:			
Principal repayments....	---	---	---
Interest revenue........	43,000	300,000	650,000
Recovery of prior year obligations.............	1,257,000	---	---
Unobligated balance, start of year:................	14,000	792,000	---
Unobligated balance transferred to: College housing loans...........	-14,000	---	---
Borrowing authority withdrawn - prior year..	-1,257,000	---	---
Unobligated balance, end of year:................	-792,000	---	---
Total obligations....	30,566,000	36,221,000	14,099,000

College Housing and Academic Facilities Loans

Budget Authority by Activity

	1989 Appropriation	1990 Appropriation	1991 Request
1. College housing and academic facilities loans:			
Borrowing authority......	$29,640,000	$30,000,000	$5,000,000
(Obligations)............	(29,640,000)	(30,000,000)	(5,000,000)
2. Interest on Treasury borrowings:			
Annual appropriation....	1,675,000	5,129,000	$8,449,000
(Obligations)...........	(926,000)	(6,155,000)	(8,449,000)
Total budget authority...	31,315,000	35,129,000	13,449,000
(Total obligations)......	(30,566,000)	(36,155,000)	(13,449,000)

Budget Authority by Object

	1989 Appropriation	1990 Appropriation	1991 Request
Investments and loans:			
Borrowing authority...	$29,640,000	$30,000,000	$5,000,000
(Obligations).........	(29,640,000)	(30,000,000)	(5,000,000)
Interest and dividends:			
Annual appropriation..	1,675,000	5,129,000	$8,449,000
(Obligations).........	(926,000)	(6,155,000)	(8,449,000)
Total, budget authority..	31,315,000	35,129,000	13,449,000
(Total obligations)...	(30,566,000)	(36,155,000)	(13,449,000)

College Housing and Academic Facilities Loans

Summary of Changes

1990	Annual appropriation	$5,129,000
	Borrowing authority	30,000,000
	Budget authority, total	35,129,000
	(Obligations)	(36,155,000)
1991	Annual appropriation	8,449,000
	Borrowing authority	5,000,000
	Budget authority, total	13,449,000
	(Obligations)	(13,449,000)
	Net change, budget authority	-21,680,000
	(Obligations)	(-22,706,000)

		1990 base	Change from base
Increases:			
Built in:			
1.	Interest expense on Treasury borrowings. The increase reflects the interest expense associated with Treasury loan capital from prior years	$5,129,000	+$3,320,000
	(Obligations)	(6,155,000)	(+2,294,000)
Decreases:			
Program:			
1.	Borrowing for new loan commitments is reduced in an effort to terminate direct loans for general purpose construction of college and university facilities	30,000,000	-25,000,000
	(Obligations)	(30,000,000)	(-25,000,000)
	Net change		-21,680,000
	(Obligations)		(-22,706,000)

College Housing and Academic Facilities Loans

Authorizing Legislation

Activity	1990 Authorized	1990 Appropriation	1991 Authorized	1991 Request
New loan commitments (HEA-VII-F)...	Indefinite	$30,000,000	Indefinite	$5,000,000
Operating costs (HEA-VII-F)........	Indefinite	5,129,000	Indefinite	8,449,000
Total definite authorization.....	Indefinite		Indefinite	
Total appropriation..............		35,129,000		13,449,000

College Housing and Academic Facilities Loans

Table of Estimates and Appropriations

	Budget Estimate to Congress	House Allowance	Senate Allowance	Appropriation 1/
1987	—	$90,000,000	$40,000,000	$60,000,000
1988	—	90,000,000	40,000,000	62,231,000
1989	$1,675,000	63,906,000	1,675,000	31,315,000
1990	5,129,000	35,129,000	5,129,000	35,129,000
1991	13,449,000			

1/ Reflects (1) authority to borrow for new loan commitments and (2) annual appropriation to pay interest expenses on funds borrowed from Treasury to finance loans to schools.

College Housing and Academic Facilities Loans

1. College housing and academic facilities loans (Higher Education Act, Title VII, Part F)

1991 Authorization: Indefinite

Budget Authority:

	1990 Appropriation	1991 Request	Increase or Decrease
Annual Appropriation.	$5,129,000	$8,449,000	+$3,320,000
Borrowing Authority.....	30,000,000	5,000,000	-25,000,000
Total.........	35,129,000	13,449,000	-21,680,000
(Obligations).	(36,155,000)	(13,449,000)	(-22,706,000)

To carry out the statutory provisions governing the financing of new and old loans under Title VII, Part F of the Higher Education Act, two budget accounts have been established in the Treasury: the College Housing and Academic Facilities Loans account and the College Housing Loans account. The College Housing and Academic Facilities Loans account finances loans made after 1986 under the new requirements of Title VII, Part F. The College Housing Loans account finances activities related to the management of loans made prior to 1987 under Title IV of the Housing Act of 1950. Because the 1986 statutory amendments changed the terms under which the Secretary of Education acquires capital for new loans, separate accounts are needed to ensure compliance with the new financial requirements of the law.

Purpose and Method of Operation

The College Housing and Academic Facilities Loans (CHAFL) account, authorized under Title VII, Part F of the Higher Education Act of 1986, supports financing for the reconstruction, renovation, and construction of undergraduate academic facilities, housing and other postsecondary educational facilities for students and faculty. The priority is on renovation and reconstruction of older academic facilities and undergraduate academic facilities that have gone without major renovation or reconstruction for an extended period. Institutions receive direct, interest-subsidized loans made from a general fund. This financing is intended to help higher education institutions finance reconstruction and renovation activities on more favorable terms than has been otherwise available through the private sector.

Purpose and Method of Operation — Continued

Eligible applicants are undergraduate postsecondary institutions, certain technical or vocational institutions, teaching hospitals, and public and private nonprofit college housing corporations and agencies. Currently, loans may be made for amounts from $250,000 to $3.0 million at an interest rate of 1/4 percent above the rate paid by the Department to borrow capital from Treasury, up to a maximum of 5.5 percent, and with a repayment period of up to 30 years.

The Department implemented the statutory provisions governing new loan activity authorized in the Higher Education Amendments of 1986 for Title VII, Part F by creating the College Housing and Academic Facilities Loans account to make resources available to support new loan activity beginning in fiscal year 1987. Additionally, the statute allows for the College Housing Loans account to continue for old loan activity--receipts of principal and interest repayments, loan asset sales, and meeting the debt obligation with the Treasury on loans made prior to 1987.

The Department borrows the authorized loan amount at an interest rate determined by the average current yield on outstanding obligations of United States comparable maturities in the month preceding the month in which the loan note is signed. For fiscal year 1989, the rate charged to borrow $29.6 million was 8.9 percent.

This account is only partially self-financing since the amount of interest paid by borrowers is lower than the amount the Department must pay Treasury for capital borrowed to finance the loans. To meet the required repayment of interest and principal each year to Treasury, the Department must request an annual appropriation to cover this interest shortfall. Unless interest on long-term Treasury securities falls below 5.75 percent for an extended period, repayments by colleges and universities will not be at a level that will enable the Department to repay Treasury the scheduled interest and principal repayments without appropriations.

Competition for the loans is based on the facilities renovation, reconstruction or housing needs, fiscal integrity and financial need of applicant institutions and agencies. Commitments for new loans are generally made in one fiscal year for disbursement in succeeding fiscal years during the construction, renovation, or acquisition phase of the projects.

College Housing and Academic Facilities Loans

1. College housing and academic facilities loans

Purpose and Method of Operation - Continued

Collections of principal and interest from borrowers are used to repay principal and interest owed to Treasury in accordance with notes issued to secure loan capital. Collections are not used for new loans. Borrowers do not begin paying principal and interest until after the loans are fully disbursed.

This is a current-funded program for which funds are available from October 1 to September 30. Funding for the annual appropriation is mandatory in that the level of funding is determined by the Department's legal obligation for interest payments to Treasury.

Accomplishments

In fiscal year 1989, $29.6 million in new loan commitments was awarded in support of renovation, reconstruction, and construction projects. In prior years, the Department has awarded 25 loans for $60 million in 1987 and 30 loans for $62.2 million in 1988. In 1989, loans were made to 15 institutions at an average loan of $1.9 million. Of the 15, 8 were renovation and reconstruction loans for academic facilities and 7 were for housing construction. To finance these new loan commitments in 1989, the Department borrowed $29.6 million at 8.9 percent interest from Treasury.

1991 Budget Proposal

For College Housing and Academic Facilities Loans, $13,449,000 is requested, $8,449,000 under the annual appropriation to pay for the interest shortfall from prior year loan commitments and $5,000,000 for new loan commitments for academic facilities.

The loan assistance provided through this program has a low budgetary priority for the Department and is viewed as a non-essential Federal expenditure. For the following more specific reasons, the Department believes that loans should be curtailed under this program:

- Limited Federal role - The Department believes that the Federal Government should not assume responsibility for financing the capital outlay needed to generally maintain the physical plant of institutions of higher education--especially while attempting to restrain spending.

1991 Budget Proposal — Continued

Responsibility for this type of fundamental institutional support lies with colleges and universities themselves, State and local governments, taxpayers at those levels, private sector users and beneficiaries of higher education services.

The Federal role in support of facilities serving research and development needs can be carried out by research and development agencies such as the National Science Foundation (NSF). For 1991, the President has requested $20 million for the NSF academic facilities program.

- College Construction Loan Insurance Association - The College Construction Loan Insurance Association (Connie Lee), created by the Higher Education Amendments of 1986, assists colleges and universities in obtaining insurance and reinsurance in the financing of construction or renovation of academic facilities, housing and associated furniture and equipment. Educational institutions receive assistance in the form of default insurance or reinsurance on privately secured loans, bonds, and other construction debt instruments. This insurance improves an institution's credit rating, allowing it to borrow at better rates and ultimately help it finance its construction needs.

  The construction needs of less creditworthy institutions can be met through the private financial support offered by Connie Lee. This source of support (insuring private obligations) is less expensive to the Government and more efficient than providing direct loans through the heavily subsidized College Housing and Academic Facilities Loans program. Those institutions that have difficulty in obtaining adequate issue ratings to finance construction costs can improve those ratings through guarantees or insurance from Connie Lee. The Association is required by law to devote a substantial portion of its business to financially needy schools.

- Excessively expensive subsidy cost - When the terms for new loans under this program are compared with a 10-year commercial loan, the Federal subsidy is calculated at over 35 percent of the loan value as applied to the loan commitment amounts of $29.6 million for fiscal year 1989, and $30 million for 1990.

College Housing and Academic Facilities Loans

1. College housing and academic facilities loans

Impact Data ($ in millions)	1989	1990	1991
New loan commitments	15	20	4
Renovation and reconstruction of academic facilities loans:			
Number	8	10	4
Average amount	$1.9	$1.5	$1.2
Total amount	$15.0	$15.5	$5.0
Housing construction loans:			
Number	7	10	—
Average amount	$2.1	$1.5	—
Total amount	$14.6	$14.5	—
Total new loans:			
Number	15	20	4
Average amount	$1.9	$1.5	$1.2
Total amount	$29.6	$30.0	$5.0
Outstanding loans, end of year			
Total volume	$ 4.2	$24.2	$83.5
New loan disbursements	$20.0	$59.3	$42.0
Collections:			
—Principal repayments	—	—	—
—Interest	—	$0.3	$0.7

College Housing and Academic Facilities Loans

1. College housing and academic facilities loans

Impact Data — Continued

1989 COLLEGE HOUSING AND ACADEMIC FACILITIES LOANS PROGRAM

College Housing

Project No.	Institution	Loan Amount
P142A90003	Holmes Community College	$1,200,000
P142A90017	Southern Seminary College	1,088,000
P142A90059	Western Kentucky University	3,000,000
P142A90106	University of Arkansas/Pine Bluff	3,000,000
P142A90126	Rust College	2,360,000
P142A80131	University of Miami	992,000
P142A90134	Bennett College	3,000,000
	TOTAL	14,640,000

Academic Facilities

Project No.	Institution	Loan Amount
P142A90009	Northland College	1,553,000
P142A90023	Adelphi University	1,889,000
P142A90058	Franklin Pierce College	1,650,000
P142A90068	Norwich University	2,890,000
P142A90075	Xavier University	1,691,000
P142A90088	University of Wisconsin/River Falls	2,152,000
P142A90094	Rogue Community College	500,000
P142A90115	Bradford College	2,675,000
	TOTAL	15,000,000
	GRAND TOTAL	29,640,000

DEPARTMENT OF EDUCATION

College Housing Loans

Fiscal Year 1991 Budget Request	Page No.
Appropriation language	O-1
Language analysis	O-2
Amounts available for obligation	O-3
Budget authority by activity	O-4
Budget authority by object	O-5
Summary of changes	O-6
Authorizing legislation	O-7
Table of estimates and appropriations	O-8
Justification:	
Activity:	
1. College housing loans	O-9

COLLEGE HOUSING LOANS

Pursuant to title VII, part F of the Higher Education Act, as amended, for necessary expenses of the college housing loans program, previously carried out under title IV of the Housing Act of 1950, the Secretary shall make expenditures and enter into contracts without regard to fiscal year limitation using loan repayments and other resources available to this account. Any unobligated balances becoming available from fixed fees paid into this account pursuant to 12 U.S.C. 1749d, relating to payment of costs for inspections and site visits, shall be available for the operating expenses of this account. (Department of Education Appropriations Act, 1990.)

College Housing Loans

Language Analysis

Language Provision	Explanation
Pursuant to title VII, part F of the Higher Education Act, as amended, for necessary expenses of the college housing loans program, previously carried out under title IV of the Housing Act of 1950, the Secretary shall make expenditures and enter into contracts without regard to fiscal year limitation using loan repayments and other resources available to this account.	This language authorizes the Secretary to use loan repayments and other collections to pay mandatory operating costs of this account.
Any unobligated balances becoming available from fixed fees paid into this account pursuant to 12 U.S.C. 1749d, relating to payment of costs for inspections and site visits, shall be available for the operating expenses of this account.	This language permits previously collected and earned audit and inspection fees to be used for other program operating costs. Costs of audits and inspections have been paid since 1987 with Program Administration account funds.

College Housing Loans

Amounts Available for Obligation

	1989	1990	1991
Appropriation:			
Annual......................	---	---	---
Permanent (indefinite)......	---	---	---
Subtotal, appropriation...	---	---	---
Receipts and reimbursements from:			
Non-Federal sources:			
Loan repayments...........	$29,150,000	$31,736,000	$33,926,000
Interest revenue..........	17,286,000	19,550,000	19,498,000
Loan sales	---	---	213,400,000
Loan prepayments..........	3,829,000	---	---
Sale of acquired property.	428,000	---	---
Audit and inspection fees.	13,000	24,000	---
Earnings on loan trusts...	4,455,000	2,209,000	---
Sale of certificates of beneficial interest.....	---	22,796,000	---
Recovery of prior year obligations...................	7,857,000	---	---
Unobligated balance, start of year:			
Fund balance................	163,806,000	32,063,000	3,616,000
Unobligated balance transferred from:			
College housing and academic facilities loans.	14,000	---	---
Unobligated balance, end of year:			
Fund balance................	-32,063,000	-3,616,000	-7,010,000
Redemption of Treasury borrowing debt................	-177,046,000	-86,681,000	-227,750,000
Total obligations.........	17,729,000	18,081,000	35,680,000

College Housing Loans

Budget Authority by Activity

	1989 Appropriation	1990 Appropriation	1991 Request
1. Interest expenses on Treasury borrowings: (Obligations).............	($16,936,000)	($17,400,000)	($35,000,000)
2. Facilities management expenses: (Obligations).............	(690,000)	(650,000)	(50,000)
3. Loan sale fees and commissions: (Obligations).............	(103,000)	(31,000)	(630,000)
4. Redemption of debt: (Treasury borrowing)......	(177,046,000)	(86,681,000)	(227,750,000)
Total budget authority...	---	---	---
(Total obligations)......	(17,729,000)	(18,081,000)	(35,680,000)
(Total debt redemptions).	(177,046,000)	(86,681,000)	(227,750,000)

College Housing Loans

Budget Authority by Object

	1989 Appropriation	1990 Appropriation	1991 Request
Other services:			
Facilities management expenses..................	---	---	---
(Obligations)..........	($690,000)	($650,000)	($50,000)
Loan sale fees and commissions..............	---	---	---
(Obligations)..........	(103,000)	(31,000)	(630,000)
Investments and loans.......	---	---	---
(Obligations)..........	(16,936,000)	(17,400,000)	(35,000,000)
Redemption of debt 1/.......			
(Treasury borrowing).....	(177,064,000)	(86,681,000)	(277,750,000)
Total, budget authority..	---	---	---
(Total obligations)......	(17,729,000)	(18,081,000)	(35,680,000)
(Total debt redemptions).	(177,064,000)	(86,681,000)	(227,750,000)

1/ This item is not considered an obligation and, therefore, cannot be included under any object class.

College Housing Loans

Summary of Changes

1990 Appropriation	—
(Obligations)	($18,081,000)
1991 Request	—
(Obligations)	(35,680,000)
Net change	—
(Obligations)	(17,599,000)

	1990 base	Change from base
Increases:		
Program:		
1. Increase for loan sale fees and commissions associated with proposed 1991 loan sale. (Obligations)	($31,000)	(+$599,000)
Built in:		
1. Interest expenses on Treasury borrowings. The large increase in this program's interest costs is due to a renegotiation of the note on the outstanding principal balance. The increase reflects a higher interest rate charged by Treasury beginning in January 1991. (Obligations)	(17,400,000)	(+17,600,000)
Decreases:		
Program:		
1. In 1991, the Department will not fund security and maintenance costs at facilities that were planned for sale in 1990.	—	—
(Obligations)	(650,000)	(-600,000)
Net change		—
(Obligations)		(+17,599,000)

College Housing Loans

Authorizing Legislation

Activity	1990 Authorized	1990 Appropriation 1/	1991 Authorized	1991 Request 1/
Operating costs (HEA-VII-F).................	Indefinite	---	Indefinite	---
Total definite authorization..............	Indefinite		Indefinite	
Total appropriation.......................		---		---

1/ Program operating costs will be paid for from available resources.

College Housing Loans

Table of Estimates and Appropriations

	Budget Estimate to Congress 1/	House Allowance 1/	Senate Allowance 1/	Appropriation 1/
1982	---	---	---	---
1983	---	---	---	---
1984	---	---	---	---
1985	---	---	---	---
1986	---	---	---	---
1987	---	---	---	---
1988	---	---	---	---
1989	---	---	---	---
1990	---	---	---	---
1991	---			

1/ This account supports the management of loans made prior to 1987 for the construction, reconstruction, and renovation of student and faculty housing. Currently, the program simply manages and services the existing portfolio of prior-year loans.

College Housing Loans

1. College housing loans
(Higher Education Act, Title VII, Part F)

1991 Authorization: Indefinite

Budget Authority:

	1990 Appropriation	1991 Request	Increase or Decrease
Appropriation.......	---	---	---
(Obligations).....	($18,081,000)	($35,680,000)	(+$17,599,000)
(Debt redemption).	(86,681,000) 1/	(227,750,000) 1/	(+141,069,000)

1/ Repayment of Treasury borrowings.

To carry out the statutory provisions governing the financing of new and old loans under Title VII, Part F of the Higher Education Act, two budget accounts have been established in the Treasury: the College Housing and Academic Facilities Loans account and the College Housing Loans account. The College Housing and Academic Facilities Loans account finances loans made after 1986 under the new requirements of Title VII, Part F. The College Housing Loans account finances activities related to the management of loans made prior to 1987 under Title IV of the Housing Act of 1950. Because the 1986 statutory amendments changed the terms under which the Secretary of Education acquires capital for new loans, separate accounts are needed to ensure compliance with the new financial requirements of the law.

Purpose and Method of Operation

This account supports the management of loans made prior to 1987 for the construction, reconstruction and renovation of student and faculty housing. Direct, subsidized loans were made from a revolving fund to undergraduate postsecondary institutions, certain technical or vocational institutions, teaching hospitals, and public and private nonprofit college housing corporations and agencies. Currently, however, the program simply manages and services the existing portfolio of prior-year loans. It does not support new loan activity. The activity includes carrying out loan collections and property disposition activities, the prepayment discount program, loan sales, and resolution of defaulted loans. The revolving loan fund is made up of the following: funds borrowed from the Treasury to finance loans and to pay for program operating costs (approximately $711 million is currently outstanding); principal repayments and interest revenue on prior year loans; proceeds from discounted prepayments and loan sales to the public.

College Housing Loans

1. College housing loans

Purpose and Method of Operation — Continued

Funds from the revolving fund are used for: interest expenses on borrowed Treasury funds used to make prior year loans; facilities management expenses incurred in administering the program's loan portfolio; and loan sale fees and commissions to cover costs incurred in selling to the public portions of the outstanding college housing loans portfolio. For 1991, operating income is expected to be sufficient to finance all expenses.

The proceeds from the sale of loans are returned to the Treasury to reduce the Department's debt obligation under a note that comes due in 1991 that bears 2.75 percent annual interest. Since a new interest rate will be negotiated on the note in January 1991 and is projected to be 7 percent, the sale of loan obligations will significantly reduce the total expenses associated with annual Treasury interest payments in future years. In 1989, the Treasury debt obligation was reduced by $183 million to $711 million through the return of $177,046,000 in available cash and through the write-off of discounted debt. All resources of the revolving fund not required to finance expenses are returned to the Treasury to reduce the debt obligation.

Accomplishments

Since the inception of this program in 1950, over $3.89 billion in loans was awarded to institutions of higher education and eligible housing agencies, with about $704 million outstanding at the close of fiscal year 1989. Authority for and administrative control of the program were transferred to the Department of Education from the Department of Housing and Urban Development in 1980. In the six succeeding fiscal years, $285.6 million in new loan commitments was awarded in support of 177 projects.

A credit management improvement plan for this program, including dollar targets and initiatives for the collection of outstanding loan receivables (including delinquent receivables), was developed and first implemented in 1982. Under this continuing plan, $77,693,000 was collected in fiscal year 1989. Principal and interest collections are expected to be $52,286,000 in fiscal year 1990 and $52,424,000 in fiscal year 1991.

Sale of Certificates of Beneficial Interest. In 1989, the Department began to negotiate the sale of its certificates of beneficial interest. These certificates, owned as a result of loan sales in 1987 and 1988, provided the Department with residual cash flow payments on a semi-annual basis. The payments were sent to the Department through the loan trusts created in 1987

College Housing Loans

1. College housing loans

Accomplishments — Continued

and 1988 as a result of the sale of loan obligations. The sale of the certificates was completed on December 5, 1989; this marked the first time the Government had successfully sold such residual cash flow interests. Net proceeds from the sale were $26.3 million for this account and the Higher Education Facilities Loans account, combined. The proceeds represented the market value of the certificates. The discount rate offered by the buyers was within the 12 to 14 percent range presented by the Department and approved by OMB and the Treasury. Proceeds were approximately 25 percent of the par value at the time of sale. Approximately $23.7 million of the proceeds was credited to this account.

Monitoring Loan Repayments. The Department is continuing the loan management practices implemented in fiscal years 1988 and 1989. The practices have assisted us in improving monitoring activities and alerting us to potential problem loans. By contacting schools within 30 days of their delinquency on loan repayments, the Department has headed off repayment problems. Second, audited financial statements are being collected annually. Third, the annual review of reserve funds ensures these funds are available and is a means of monitoring the schools' financial health.

1991 Budget Proposal

For College Housing Loans, no funds are requested to pay for program operating costs. This is the same request as the 1990 appropriation action. Principal repayments and interest revenue on prior year loans will be adequate to pay for program operating costs in 1991.

The Department proposes to repeal the statutory requirement that the Secretary not sell College Housing Loans after September 30, 1988. Loan sales should be authorized in fiscal year 1991 to the extent to which the Government's financial interests are best served. The return of funds to the Treasury to repay the debt obligation of $711 million will reduce the cost of loan interest payments in 1992 and future years. Prior to the 1987 loan sale, interest costs ranged from $67 million to $71 million each year (on an outstanding debt of $2.5 billion). The 1987 and 1988 loan sales reduced the debt obligation interest expense by about two-thirds. However, the Treasury will renegotiate the debt note in 1991 regarding interest payments. The current agreement requires the Department to pay interest on the outstanding cash balance at 2.75 percent annually. A new note will be signed raising the interest payments to approximately 7 percent on outstanding balances. Repeal

College Housing Loans

1. College housing loans

1991 Budget Proposal — Continued

of the prohibition on sales will allow the Government to achieve approximately $213.1 million in 1991 in loan sale proceeds from this portfolio and another $23.4 million from the Higher Education Facilities Loans portfolio. This will reduce the outstanding balance and interest payments to the Treasury and also reduce the overall Federal deficit.

Impact Data
($ in thousands)

	1989	1990	1991
Outstanding loans, end of year			
—Total volume.............	$679,128	$677,392	$280,466
-Default volume..........	$27,460	$27,460	$25,576
-% in default............	4.0%	4.1%	9.1%
—New volume 1/			
-Disbursements...........	$10,627	$30,000	$25,000
—Collections			
-Principal			
-Repayments.............	-$29,478	-$31,736	-$33,926
-Prepayments 2/.........	-$3,822	—	—
-Interest................	$17,293	$19,550	$19,498
—Loan sale proceeds.......	—	—	-$213,400
—Sale of certificates of beneficial interest...	—	$22,796	—

1/ Disbursements for loan commitments made prior to 1987.

2/ A prepayment discount program for all borrowers was offered only in fiscal year 1987. Selected borrowers, whose loans do not qualify for sale, continue to be eligible for the program.

TUESDAY, FEBRUARY 27, 1990.

VOCATIONAL AND ADULT EDUCATION

WITNESSES

BETSY BRAND, ASSISTANT SECRETARY FOR VOCATIONAL AND ADULT EDUCATION

SALLY H. CHRISTENSEN, DIRECTOR, BUDGET SERVICE, OFFICE OF PLANNING, BUDGET AND EVALUATION

THOMAS M. CORWIN, DIRECTOR, DIVISION OF ELEMENTARY, SECONDARY AND VOCATIONAL ANALYSIS, OFFICE OF PLANNING, BUDGET AND EVALUATION

OPENING REMARKS

Mr. NATCHER. At this time, we take up the budget request for the fiscal year 1991 for vocational and adult education. We have before the committee Betsy Brand, the Assistant Secretary for Vocational and Adult Education. It is a pleasure to have you before the committee at this time, Ms. Brand. Before you give us your statement, tell us who you have with you at the table.

Ms. BRAND. Thank you.

I have Tom Corwin with the Office of Planning, Budget and Evaluation; and Sally Christensen, Director, Budget Service, Office of Planning, Budget and Evaluation.

Mr. NATCHER. Thank you, Ms. Brand. We are delighted to have you before the committee, as I have just said. I, along with other members of the subcommittee, want to wish you the best of everything with your new assignment. I believe this is your first time with our subcommittee, but you have had considerable experience that will hold you in good stead as far as your present assignment.

Ms. BRAND. Thank you very much.

OPENING STATEMENT

Mr. NATCHER. We will be pleased to hear from you at this time.

Ms. BRAND. Thank you.

Mr. Chairman, I have a complete statement that I will summarize and ask that it be included in the record.

Our budget request for the Office of Vocational Education includes $929,700,000 for vocational education programs, the same level as the 1990 appropriation. Funds would be used to support vocational education under the Department's proposed reauthorization legislation for the Perkins Act, which was submitted to Congress last year.

Among the major concerns addressed in this proposal are increasing accountability in vocational education, substantially reducing the complexities of existing law, maintaining emphasis on equity and program improvement, and strengthening the links between vocational programs and the labor market. Since the new structure of the Perkins Act is subject to further Congressional action, specific amounts requested for individual activities will be submitted to Congress as soon as the new legislation is enacted.

ADULT EDUCATION

Improving the level of literacy for adults is one of our national education goals. A total of $238,700,000 is being requested for adult education programs to assist in this effort, that is $46,000,000 more and a 23.8-percent increase over the 1990 level.

We believe this increase demonstrates the concern of this Administration about our Nation's problem of illiteracy and takes a major step in providing needed leadership at the Federal level through coordination of programs and dissemination of effective practices and programs to the front-line service providers in the field. Our proposal for an adult literacy clearinghouse, which I will discuss later, will help to meet the increased demands placed upon our adult education programs.

Included in this request is a total of $200,000,000 for the adult education State grant program, a $42,200,000 increase over the 1990 appropriation and the highest level ever requested for this program. This increase in funding will allow the States to pursue more extensive adult education and literacy projects and to serve an estimated 660,000 additional Americans.

This request reflects the Administration's strong commitment toward eliminating adult illiteracy, improving work force productivity through basic skills education, and addressing the special needs of non-English-speaking immigrants.

With funding at this level, we expect that approximately 4,000,000 adults would be served under the adult education State programs. With the matching requirements specified in the Act, increases in Federal funding translate into even greater State and local support for adult education.

Currently, support from the State and local levels and the private sector accounts for approximately three-fourths of all adult education spending. With the strong leadership of the President and Mrs. Bush, we expect voluntary and private efforts to increase and the number of individuals we help to continue to grow.

We are requesting a total of $8,000,000 for national programs, an increase of $6,000,000 over the 1990 appropriation. Of this total, approximately $2,000,000 will be used to continue funding for the ongoing National Study of Adult Education Programs, which will provide data on adult education programs and participants prior to the next reauthorization.

Another $1,000,000 will be used to continue support for an interagency effort among the Department of Education and the Departments of Labor, and Health and Human Services to provide technical assistance to the States in implementing the new JOBS program, and to begin a study of the Literacy Training for Homeless Adults program.

NATIONAL ADULT EDUCATION CLEARINGHOUSE

The remaining $5,000,000 will be used to fund a national adult education clearinghouse. In carrying out its functions, the clearinghouse will provide leadership and coordination to the field of adult literacy and education. The clearinghouse will be a comprehensive resource center for information that can be used by Federal, State and local agencies, national organizations, policy-makers, researchers, and practitioners to establish, improve or expand adult literacy programs.

This project will provide leadership and direct support for an integrated program of research and development, identification and dissemination of best practices in adult education, and technical assistance to the adult education field.

With the establishment of this clearinghouse, there will be, for the first time, a focal point for research and information on adult education and literacy programs. The establishment of this national clearinghouse represents a major new Federal commitment to addressing the many problems facing the States and localities as they attempt to provide high-quality adult education and literacy services.

LITERACY TRAINING FOR HOMELESS ADULTS

A total of $10,000,000 is requested for Literacy Training for Homeless Adults, authorized under the Stewart B. McKinney Homeless Assistance Act, which would fund this program at its fully authorized level as promised by the President. This request represents an increase of $2,600,000 over the 1990 appropriation.

These funds would be used to continue programs begun in 1989 and 1990 designed to assist States in developing and implementing programs of literacy training, basic skills remediation for homeless adults, counseling, child care, and transportation.

We feel this program is important, since it serves an exceptionally disadvantaged population and it seeks to solve the problems of the homeless by allowing a comprehensive approach to the provision of education and support services.

LITERACY PARTNERSHIPS AND GRANTS

Our request includes $19,700,000 for Workplace Literacy Partnerships, the same level as the 1990 appropriation. This grant program, which supports literacy efforts by the business community, has generated a tremendous interest in the field. Funding at this level will allow the Department to make approximately 70 discretionary grants to partnerships involving business, labor and educational agencies to demonstrate methods of providing literacy training to meet work force needs. That is the first time that we have requested funds for that program. We believe it is a very effective program.

Finally, a total of $1,000,000 is requested for English Literacy Grants. This represents a decrease of $4,800,000 below the 1990 appropriation level for this activity. In 1991, we are eliminating the English Literacy State Grants program since it duplicates services provided under the Adult Education State Grants.

Limited English-Proficient adults are being served in substantial number under the basic State grants program. We will focus our efforts on funding a few carefully designed demonstration programs to develop and disseminate information on the most effective ways to provide English literacy training to the limited English-proficient. The clearinghouse on education for individuals of limited English proficiency, which is supported with these national demonstration funds, will be continued.

TECHNOLOGY EDUCATION DEMONSTRATIONS

We are requesting a total of $988,000 for the Technology Education Demonstration program authorized under the Omnibus Trade and Competitiveness Act of 1988. This represents level funding for this program, which was funded for the first time in 1990. The requested funds will be used to provide grants to local educational agencies, State educational agencies, consortia of public and private agencies, organizations and institutions, and institutions of higher education for the development of model demonstration programs in technology education for secondary schools, vocational education centers, and community colleges.

At this time, Mr. Chairman, my colleagues and I will be happy to respond to any questions you may have concerning our budget request for vocational and adult education.

[The information follows:]

DEPARTMENT OF EDUCATION

Statement by

Betsy Brand
Assistant Secretary for
Vocational and Adult Education

on

Vocational and Adult Education

Mr. Chairman and Members of the Subcommittee:

It is a pleasure to appear before you today to discuss the 1991 budget request for vocational and adult education. When combined with State, local, and private efforts to prepare a skilled and literate work force, these programs contribute significantly to our country's economic growth and industrial competitiveness.

I am pleased to submit to you today a budget for vocational and adult education that totals almost $1.2 billion. This represents an increase of approximately $45.9 million over the 1990 appropriation.

Vocational Education

The budget request includes $929.7 million for vocational education programs, the same level as the 1990 appropriation. Funds would be used to support vocational education under the Department's proposed reauthorization legislation for the Perkins Act, which was submitted to Congress last year. Among the major concerns addressed in this proposal are increasing accountability in vocational education, substantially reducing the complexities of existing law, maintaining emphasis on equity and program improvement, and strengthening the links between vocational programs and the labor market. Since the new structure of the Perkins Act is subject to further congressional action, specific amounts requested for individual activities will be submitted to Congress as soon as the new legislation is enacted.

Adult Education

Improving the level of literacy for adults is one of our national education goals. A total of $238.7 million is being requested for adult education programs to assist in this effort a 23.8 percent increase over the 1990 level. We believe this increase demonstrates the concern of this Administration about our Nation's problem of illiteracy and takes a major step in providing needed leadership at the

Federal level through coordination of programs and dissemination of effective practices and programs to the front-line service providers in the field. Our proposal for an adult literacy clearinghouse, which I will discuss later, will help to meet the increased demands placed upon our adult education programs.

Included in this request is a total of $200 million for the adult education State grant program, a $42.2 million increase over the 1990 appropriation and the highest level ever requested for this program. This increase in funding will allow the States to pursue more extensive adult education and literacy projects and to serve an estimated 660,000 additional Americans. This request reflects the Administration's strong commitment toward eliminating adult illiteracy, improving workforce productivity through basic skills education, and addressing the special needs of non-English speaking immigrants.

With funding at this level, we expect that approximately 4 million adults would be served under the adult education State programs. With the matching requirements specified in the Act, increases in Federal funding translate into even greater State and local support for adult education. Currently, support from the State and local levels and the private sector accounts for approximately three-fourths of all adult education spending. With the strong leadership of the President and Mrs. Bush, we expect voluntary and private efforts to increase and the number of individuals we help to continue to grow.

We are requesting a total of $8 million for National Programs, an increase of $6 million over the 1990 appropriation. Of this total, approximately $2 million will be used to continue funding for the ongoing National Study of Adult Education Programs, which will provide data on adult education programs and participants prior to the next reauthorization. Another $1 million will be used to continue support for an interagency effort among the Department of Education and the Departments of Labor, and Health and Human Services to provide technical assistance to the States in implementing the new JOBS program, and to begin a study of the Literacy Training for Homeless Adults program.

The remaining $5 million will be used to fund a national adult education clearinghouse. In carrying out its functions, the clearinghouse will provide leadership and coordination to the field of adult literacy and education. The clearinghouse will be a comprehensive resource center for information that can be used by Federal, State, and local agencies, national organizations, policymakers, researchers, and practitioners to establish, improve or expand adult literacy programs. This project will provide leadership and direct support for an integrated program of research and development, identification and dissemination of best practices in adult education, and technical assistance to the adult education field. With the establishment of this clearinghouse, there will be, for the first time, a focal point for research and information on adult education and literacy programs. The establishment of this national clearinghouse represents a major new Federal commitment to addressing the many problems facing the States and localities as they attempt to provide high quality adult education and literacy services.

A total of $10 million is requested for Literacy Training for Homeless Adults, authorized under the Stewart B. McKinney Homeless Assistance Act, which would fund this program at its fully authorized level as promised by the President. This request represents an increase of $2.6 million over the 1990 appropriation. These funds would be used to continue programs begun in 1989 and 1990 designed to assist States in developing and implementing programs of literacy training, basic skills remediation for homeless adults, counseling, child care, and transportation. We feel this program is important since serves an exceptionally disadvantaged population and it seeks to solve the problems of the homeless by allowing a comprehensive approach to the provision of education and support services.

Our request includes $19.7 million for Workplace Literacy Partnerships, the same level as the 1990 appropriation. This grant program, which supports literacy efforts by the business community, has generated a tremendous interest in the field. Funding at this level will allow the Department to make approximately 70 discretionary grants to partnerships involving business, labor, and educational agencies to demonstrate methods of providing literacy training to meet workforce needs.

Finally, a total of $1 million is requested for English Literacy Grants. This represents a decrease of $4.8 million below the 1990 appropriation level for this activity. In 1991, we are eliminating the English Literacy State grants program since it duplicates services provided under the Adult Education State Grants. Limited-English proficient adults are being served in substantial number under the basic State grants program. We will focus our efforts on funding a few carefully designed demonstration programs to develop and disseminate information on the most effective ways to provide English literacy training to the limited English proficient. The clearinghouse on education for individuals of limited English proficiency, which is supported with these national demonstration funds, will be continued.

Technology Education

We are requesting a total of $988 thousand for the Technology Education Demonstration program authorized under the Omnibus Trade and Competitiveness Act of 1988. This represents level funding for this program, which was funded for the first time in 1990. The requested funds will be used to provide grants to local educational agencies, State educational agencies, consortia of public and private agencies, organizations and institutions, and institutions of higher education for the development of model demonstration programs in technology education for secondary schools, vocational education centers, and community colleges.

At this time, Mr. Chairman, my colleagues and I will be happy to respond to any questions you may have concerning our budget request for vocational and adult education.

DEPARTMENT OF EDUCATION

Office of Vocational and Adult Education

Biographical Sketch

NAME : Betsy Brand

POSITION : Assistant Secretary for Vocational and Adult Education

BIRTHPLACE AND DATE : Plainfield, New Jersey, July 20, 1954

EDUCATION : Dickinson, College, Pennsylvania, 1976, B.A.
University of Pittsburgh, junior year abroad in Rouen, France,
1974-75.

EXPERIENCE

11/89 - Present: Assistant Secretary for Vocational and Adult Education, Department of Education

05/89 - 11/89 : Acting Deputy Assistant Secretary for Vocational and Adult Education, Department of Education

03/89 - 05/89 : Acting Director, Division of Adult Education, Office of Vocational and Adult Education, Department of Education

01/86 - 02/89 : Professional Staff Member for former Senator Dan Quayle, U.S. Senate Labor and Human Resources Committee

03/85 - 01/86 : Staff Director, U.S. Senate Subcommittee on Employment and Productivity

11/83 - 03/85 : Legislative Assistant to former U.S. Senator Dan Quayle Regional Conferences on Voluntarism

02/81 - 11/83 : Minority Legislative Associate, U.S. House of Representatives Subcommittee on Postsecondary Education

09/77 - 02/81 : Legislative Assistant and Office Manager to U.S. Representative E. Thomas Coleman

NATIONAL ASSESSMENT OF VOCATIONAL EDUCATION

Mr. **NATCHER**. Thank you very much, Ms. Brand.

Now, if you will, tell us who conducted the national assessment of vocational education, which was released last July, and further, what was its cost.

Ms. **BRAND**. The national assessment cost approximately $5,200,000. It was conducted by an independent office housed within the Office of Planning, Budget and Evaluation. We hired a researcher in the field, John Wirt, and I believe he had three staff people, but I believe they were an independent office in the Department.

Mr. **NATCHER**. This report was very critical of the current program. The executive summary includes the following statement:

> "We conclude that in its current form, the Perkins Act is a weak mechanism for achieving its goals. Little has been done in the implementation process to convert goals into effective guidelines for States and localities. Little additional direction has been forthcoming or targeted for Federal funds for services to the disadvantaged or handicapped.

ACCOUNTABILITY

Ms. Brand, do you agree with this evaluation, and if so, what can be done to address this problem?

Ms. **BRAND**. We do agree to some extent with that assessment. I believe the reauthorization will take care of the targeting problem. As you know, the House has passed a bill that would target funds under the Perkins Vocational Education Act for the disadvantaged and handicapped. I believe the Senate is also moving in that direction.

We feel the reauthorized legislation will give us a big push in that area, and we will be able to work more closely with the States to be sure the funds are targeted.

On the issue of accountability, I believe not enough has been done to work with the States to develop measures of accountability. We believe, and offered in our reauthorization proposal, that there be much stronger measures of accountability both at the Federal and the State level.

We hope that the finished bill will include stronger accountability measures so you can look at vocational education and decide whether it has resulted in increased basic skills attainment, job placement and further education.

I would also say our Division of Vocational Education has taken on a project to work with the States in the area of accountability. We plan to site-visit every State in the next couple of years to determine what accountability measures they have in place, learn from those measures and develop a model accountability program which we can then disseminate.

PERKINS ACT REAUTHORIZATION

Mr. **NATCHER**. What is the current status of the reauthorization of the Perkins Act?

Ms. **BRAND**. As you probably know, the House has passed its version of reauthorization. I believe they passed it last March. The

Senate bill is awaiting floor action. I believe the bill in the Senate will be on the floor in the near future.

Mr. **Natcher**. What are the principal changes which appear likely to be made in the Perkins law?

Ms. **Brand**. From both bills, I think there will be more targeting of funds. I think there will be increased accountability. Those are the two items I just mentioned. I think you will see stronger links between vocational education and the private sector and economic plans within the community so vocational education will be tied more tightly to the needs of a community.

Mr. **Natcher**. The President's budget for vocational education is proposed for later transmittal. When will we receive a formal request, do you have any idea?

Ms. **Brand**. I can't tell for certain, but as soon as the bill is signed by the President, we will be back up to talk to you and your staff. My best guess is that the bill will be signed by May.

Mr. **Natcher**. The justifications do not include any distribution for a vocational education program which you propose to fund at the 1990 level of $930,000,000. Can you tell us at this time whether you are likely to recommend significant changes from the 1990 distribution when your proposal is transmitted?

Ms. **Brand**. Again, it may be premature to answer that question, because I think some of the changes in the reauthorization will be fairly significant. I would prefer to wait to see the final bill before I comment on how we will distribute the funding.

Mr. **Corwin**. I might say, there are a good number of differences between the House and Senate bills and how they would structure the program. In the past, the Administration has preferred to keep the bulk of the money in the basic grants where there is flexibility for the States to use it to meet their needs. I imagine we will continue with that policy.

Mr. **Natcher**. Please place in the record a short summary for the vocational education evaluation, including a funding history.

[The information follows:]

NATIONAL ASSESSMENT OF VOCATIONAL EDUCATION

Because funds were not appropriated for the National Assessment of Vocational Education (NAVE) until 1988, and results were needed by early 1989, work began in 1986 using funds from a variety of sources that could be used to support this effort. The following table shows how NAVE was funded.

Source of Funds	Total
Perkins Act	$2,531,771
Women's Educational Equity Act	259,513
Chapter 1	700,000
Program Admininistration Planning and Evaluation Funds	160,976
Vocational Education National Programs Recoveries from prior year obligations	1,532,906
	5,185,166

The NAVE final report was sent to Congress early in 1989 and provided detailed information on how the Perkins Act has been implemented, as well as data on secondary and postsecondary vocational education. NAVE's findings about the implementation of the Perkins Act include the following:

- Overall, about 40 percent of Perkins Act funds have been spent at the postsecondary level, but the rates at which States allocated Perkins Act funds among secondary and postsecondary sectors varied greatly. Postsecondary allocations ranged from 8 to 100 percent. In addition, separate area vocational school districts appeared to receive a disproportionate share of the Federal funds that flowed to secondary education.

- At the secondary level, NAVE found some evidence that Basic Grant funds are targeted to school districts with higher rates of poverty, but the amount of targeting has not increased as a result of the introduction of an intrastate formula or other provisions in the Perkins Act. There is no evidence of comparable targeting at the postsecondary level.

- Most school districts received awards that were too small to mount new initiatives of any size. Half of all school districts received $7,910 or less, and three-quarters of the districts received $25,000 or less. Such resources are insufficient to pay for even one full-time teaching position. By contrast, separate area vocational school districts and postsecondary institutions received median grants exceeding $90,000.

- At both secondary and postsecondary levels, most program improvement funds were used to purchase equipment. Equipment purchases appeared to be about equally divided between computers (and related software and printers) and technical equipment for specific vocational programs. In the few States that forbade the use of the funds for equipment, funds were used for a wide range of activities including adoption of the "Principles of Technology" curriculum, support of student organizations, and in-service training. Few program improvement funds were spent for programs or services for special populations.

The NAVE staff also analyzed data on 182 high school graduates and made the following findings related to secondary vocational education enrollments:

- In 1982, credits earned by students planning to attend postsecondary vocational institutions or college accounted for nearly three-quarters of all vocational credits taken by high school graduates.

- Students planning to work after high school took an average of 6.06 credits of vocational education during high school. Students who aspired to attend a postsecondary vocational-technical institution averaged 5.81 credits; students planning to attend some college averaged 4.55 credits; and students who planned to graduate from college averaged 3.17 credits.

- Work-bound students were 18.2 percent of high school graduates and took 25.2 percent of all vocational credits. Students planning to attend postsecondary vocational-technical institutions or college were 82 percent of graduates and took 26.5 percent and 47.9 percent of all vocational credits, respectively.

- Total vocational enrollments (average: 4.21 credits) exceeded enrollments in any other subject area, including English, the largest academic subject (average: 4.02 credits).

The NAVE findings about the access of special populations to high-quality vocational education were mixed:

- Academically disadvantaged students and students with handicaps clearly take more vocational education than do other students. For students with handicaps, the vocational education they take is also likely to be "mainstreamed" (81.7 percent of credits); that is, the credits are earned in regular as opposed to self-contained classrooms. In contrast, only 59.6 percent of the academic credits of handicapped students are earned in regular classrooms.

- Problems of participation in high-quality vocational education are serious for female handicapped and academically disadvantaged students. Approximately half of all the vocational credits earned by handicapped and disadvantaged females are in low-level service occupation courses or consumer and homemaking education. Otherwise, handicapped and disadvantaged students take the same proportion of occupationally specific vocational education as other students; the same or more credits, on average, in area vocational schools; and about the same amount of cooperative and other forms of work-based education. (Work-based education has been found helpful to students in gaining employment after leaving school.)

o There are major differences in the quality of vocational education between schools with high and low concentrations of academically and economically disadvantaged students as measured by the breadth and depth of courses offered. Students in schools with high concentrations of disadvantaged students take large amounts of vocational education and have the most limited range of vocational offerings from which to choose.

The NAVE findings related to postsecondary education include the following:

- There are a total of 4.3 million "vocational" students at community colleges, two-year technical colleges, public vocational technical schools, and proprietary schools. Three-fourths of all students at these institutions major in vocational subjects, and over the past two decades the percentage of postsecondary students enrolled in vocational education has grown substantially.

- The major problem facing postsecondary vocational education is that many students do not stay in school long enough to receive in-depth training. Low rates of program completion and a limited number of courses taken are common for all students regardless of race, gender, economic status, or ability. The problem is most serious however, among minorities, economically disadvantaged students, and the growing number of high school "vocational" students who pursue postsecondary training. Minorities and disadvantaged students average substantially fewer credits and leave postsecondary institutions without earning a degree or certificate more frequently than do other students.

- For student who accumulate substantial amounts of vocational credits or who complete programs, postsecondary vocational education pays off in economic terms. Students who obtain degrees or certificates, or who may otherwise take a substantial amount of vocational training in their major field, are more likely to be employed and more likely to get a job in their field of training than are students who take small amounts of vocational training. Students who take more training and are employed in their field also earn higher wages than do other students.

INSUFFICENT GRANT SIZE

Mr. **Natcher**. Ms. Brand, one of the principal concerns about these programs was that individual grants are too small to allow new initiatives, as you know. Can anything be done to address this particular problem?

Ms. **Brand**. Under current law, we really don't have the authority to set minimum grants. In our reauthorization proposal, we suggested that grants be of a magnitude to cause significant change or performance, and the Senate bill includes a minimum grant of $25,000, which we are very supportive of, and we hope that will end up in the final bill.

DATA NEEDS

Mr. **Natcher.** As you know, this committee expressed concern last year about the quality of vocational education data. What actions have been taken to address this concern?

Ms. **Brand.** It is a serious concern. We have done a number of different things. Internally, we have gotten together several of the offices in the Department to decide the best way to go about collecting this data.

We are working with the National Center on Education Statistics to be sure that vocational education data is collected along with other data on elementary and secondary schools. We are beginning our own management information system in my office. We are working very closely with the States to find out what information is currently available and what other types of information we can collect from them without too much trouble.

At that point, we will put it into our internal computer so that we can use it for our purposes and hopefully, make it available to the Congress also.

INCREASE FOR ADULT EDUCATION

Mr. **Natcher.** The budget includes a $42,000,000 increase for adult education up to a total of $200,000,000. The justifications indicate that this will provide an average of $50 each to over 4,000,000 clients. What are the principal services which we are buying with this money?

Ms. **Brand.** We are buying quite a few things. I don't know that I would break it out as $50 per client, because generally that money pays for the teachers and the administrators who work on the programs and it pays for books and materials.

That provides funding for classroom space, teachers, administrators, computers when computers are available. It is a general education program.

EXTENT OF ILLITERACY

Mr. **Natcher.** The President and the Secretary have both pledged to reduce the level of functional illiteracy in this country. What can you tell us about the extent of this problem?

Ms. **Brand.** That it is an extensive problem and that we don't have good numbers on it. We are conducting a survey now that will be completed in 1993. Hopefully, I will have some good, hard data on the number of illiterates and functional illiterates in this country.

Based on three or four studies completed up through the early eighties, I think you can say anywhere between 20,000,000 to 30,000,000 Americans are functionally illiterate.

Mr. **Natcher.** The Department testified last year that a very small portion of adult Americans are illiterate as defined by the Census Bureau. What level of skills are necessary to qualify as functionally illiterate?

Ms. **Brand.** Mr. Chairman, I think that is a question that is difficult to answer, because we don't know what functional illiteracy is. I think it changes depending on the job that you hold or the skills that are demanded of you, based on your workplace setting.

If you are at home, you may not need as many skills as you do in a complicated job, so a functional definition is very hard to put your finger on. It would also be difficult to tie it to a grade level.

WORKPLACE LITERACY

Mr. NATCHER. What is the average size of workplace illiteracy grants, and who receives the grants?

Ms. BRAND. Under the Workplace Literacy program, we make grants averaging $280,000, to partnerships that consist of a school or an institution of higher education, and a private sector partner, which could be a business group or labor organization.

The grants are used by this partnership to provide workplace-based education and training.

Mr. NATCHER. Can workplace literacy programs be funded under the basic adult education program?

Ms. BRAND. Yes, they can be, although what is unique about the workplace literacy program is that it requires a partnership between the education institution and the business. That is not a requirement under the Basic State Grant program.

So, while it could be provided, we feel that the partnership aspect is really essential to making that program work.

Mr. NATCHER. Are matching funds required?

Ms. BRAND. Yes, they are under the Workplace Literacy program.

ENGLISH LITERACY GRANTS

Mr. NATCHER. Would you explain to the committee why you are proposing to eliminate funding for English literacy State grants?

Ms. BRAND. We are proposing to reduce the funding for that program from $5,000,000 to $1,000,000. The money that is used for the State Grant program will be transferred to the Basic State Grant program, the $200,000,000 program. The English Literacy Grant program is a State grant program, and the money goes to the State agency just as it does under the other program.

We feel it is duplicative and those functions can be carried out under the State program. The $1,000,000 we are asking for would be used to fund demonstrations and developing curriculum in teaching limited English-proficient adults and also it would fund the National Clearinghouse on Limited English-Proficient Adults.

Mr. CORWIN. This activity was specifically authorized to provide services to immigrants, refugees, et cetera. Yet, those individuals have always been a prime component of the population served under the Adult Education Basic Grant program, so we feel there is a great deal of duplication.

CLEARINGHOUSE

Mr. NATCHER. The budget includes $5,000,000 for a new clearinghouse for adult education. Will this be a direct Federal program or will it be done by a grant or contract?

Ms. BRAND. As we have envisioned it, Mr. Chairman, we would operate that clearinghouse through OERI. We would work very closely with the existing functions of OERI. There would at times be grants made for particular research or particular technical assistance to States and localities, but most of that money would be controlled by the Department of Education.

Mr. NATCHER. How did you come up with the $5,000,000 estimate for the cost of the clearinghouse?

Ms. BRAND. I think we looked at a number of different activities that we would like to fund. Certainly, a clearinghouse funded at $1,000,000 or $2,000,000 to reach programs nationwide, I think, is appropriate. We also envisioned that it would conduct more technical assistance, perhaps conferences with States and localities, and also that it would provide some applied research.

So, we felt to do all those activities, $5,000,000 would be appropriate.

Mr. NATCHER. When you get the transcript back now, take a good look at this, and give us a full statement in the record on this question of the $5,000,000.

[The information follows:]

ADULT LITERACY CLEARINGHOUSE

In planning for our proposed Adult Literacy Clearinghouse, the Department envisions a center or institute that would go far beyond traditional clearinghouse activities. In addition to establishing a comprehensive resource center for the adult education and literacy field, we want to create an entity that can provide leadership and direct support for an integrated program of research and development, dissemination of information on effective practices, and technical assistance. The proposed institute will represent a major Federal commitment to addressing two national educational priorities—the functional literacy of adult Americans and the level of training necessary to guarantee a competitive workforce. It will also indirectly influence two others—the readiness of children to start school, and the reduction of the dropout rate and improvement of academic performance among at-risk students.

In terms of the scope of its activities, the new center would resemble the National Center for Research in Vocational Education, which receives approximately $6 million per year. Unlike the NCRVE, however, the center would be administered as a Federal activity, with grants and contracts employed as necessary, rather than through a single grant to an outside organization. The $5 million made available from the Department of Education would be supplemented by additional funds from other Federal agencies and from other public and private sources.

LITERACY TRAINING FOR HOMELESS ADULTS

Mr. NATCHER. The program for literacy training for the homeless is now in its second year. Given the transient nature of this population and their problems, what success do you expect from this program?

Ms. BRAND. This is a new program, and we are beginning to do evaluations of it. We hope we can help individuals become less transient and increase their basic skills so they can find a job and become homeowners, if possible.

We are hoping that with increased basic skills and job skills, they will be able to locate permanent employment and find their way to purchase or rent housing.

Mr. CORWIN. We have a very difficult population to serve here that is not often likely to find its way into adult education programs. We have established projects in the shelters and other places where the homeless are living, and have been able to reach them that way.

EQUIPMENT PURCHASES

Mr. **Natcher**. The national assessment found that more than half of the program improvement funds under vocational education was spent on equipment. Is this appropriate use of these funds?

Ms. **Brand**. I am not so sure that using half of those funds is appropriate. We feel that program improvement money should be used for the purpose of equipment as well as curriculum development and training of teachers. We would prefer to see a little more money put into those two other areas.

I would also question the use of a great deal of money for equipment if that equipment is quickly outdated or is not used by a large number of students at the school. So, we would like to monitor that fairly carefully.

Mr. **Natcher**. Thank you very much, Ms. Brand. This has been a good hearing. We want to thank you and your associates for appearing before our committee at this time on behalf of your budget request. Mr. Conte?

Mr. **Conte**. Ms. Brand, we want to welcome you before the committee. As a former staffer on higher education issues with the Education and Labor Committee, I am sure you know we are simply a conduit for whatever the authorizing committee wants us to do.

I was looking at your background. I was wondering who this guy is, former U.S. Senator Dan Quayle, doesn't he have a tie with former U.S. Representative George Bush?

Where is vocational education on the list of national education goals recently announced by the President and the Governors? Are we about to become a nation of rocket scientists?

GOALS FOR VOCATIONAL EDUCATION

Ms. **Brand**. I don't think we are going to be rocket scientists right away, but it is clear that we have to prepare all the students who graduate from high school to hold down employment or go on to further education. I think vocational education can really make a difference in the lives of a lot of disadvantaged students and students turned off by the system. Vocational education has a bright future.

We know what makes it work. To me, there is nothing more important than ensuring that kids who go through 12 years of high school not only have the basic academic skills they need, but also job skills they need to be productive workers.

As you know, one of the national goals is to have a literate population as well as one that can compete economically. I think vocational education can play a role in that.

COORDINATION WITH JOBS PROGRAM

Mr. **Conte**. Tell us how vocational education and the new JOBS program fit together.

Ms. **Brand**. We are doing a lot of work with Labor and HHS in those two areas. They all service different populations to some extent. We are trying to find ways that the programs can fit more closely together and that there can be a better transition from one program to another, and also to learn from each other.

There is a lot of experience JTPA people have in performance standards and accountability. I think we can learn from that. We have experience integrating academic education into the curriculum. I think the people in JTPA can learn about that.

JOBS covers the board, practically speaking. We are working in lots of different ways, working on common definitions, performance standards, common outcomes and goals, as well as looking at the delivery systems and trying to bring those delivery systems closer together and making it easier for the individual to track through the system.

COORDINATION WITH JTPA

Mr. CONTE. In reality, do they work together?

Ms. BRAND. They work pretty well in a lot of places, but not everywhere. I think you will find in the 8-percent set-aside under the JTPA for education linkages some sterling examples and some really crummy examples. It is a matter of getting people together to talk about breaking down the barriers.

We have some very, very good programs with JTPA and vocational education, but it is not happening everywhere.

REQUEST FOR VOCATIONAL EDUCATION

Mr. CONTE. There is another place where vocational education doesn't make the priority list. That is in funding. I know you are waiting for the vocational education reauthorization bill to fall in place. But why aren't you waiting for it by requesting at least a slight inflation increase in funding?

Ms. BRAND. Well, we still do have problems with our budget deficit, Mr. Conte. It was the decision of the Administration that since the vocational education bill was being reauthorized, that we would wait for that reauthorization to be complete before returning to you with our revisions.

REWARDS FOR EXEMPLARY PROGRAMS

Mr. CONTE. Last fall, I participated in the dedication of a magnificent new vocational-technical high school in my district, $32,000,000. By far, it is the newest and most sophisticated school in the area. What are we doing to reward localities that invest in vocational education? Are we doing anything special to increase those kinds of effort? Awards? Commendations?

Ms. BRAND. We have a Secretary's award program given to outstanding projects. I think you are right, however, we need to find ways to provide incentives. I am hopeful the new legislation will include more flexibility to allow us to recognize schools that are doing a good job.

ALLOCATION BETWEEN SECONDARY AND POSTSECONDARY

Mr. CONTE. Good. We will talk about that. My Massachusetts people were in. They are very interested in seeing the split between high school and postsecondary funding remain a State decision. How do you feel about that? Are you doing anything to make that stick?

Ms. **Brand**. Our position is that we oppose set-asides, and we also oppose the set-asides for secondary and postsecondary programs. We have expressed that opinion to the Senate. It is included in our Statement of Administration Position on S. 1109.

Mr. **Corwin**. The national assessment on vocational education found that States were using anywhere from 8 percent to 100 percent of their money for postsecondary, reflecting the variations in the way vocational education is provided across the States.

That struck us as appropriate, that the States would make that decision.

NOICC

Mr. **Conte**. I noticed on page 46 of your justifications, that the NOICC through the SOICCS are funding the OIS and CIDs. When you get through with that Campbell's soup, what do you say about that?

Mr. **Corwin**. They are good at NOICC at creating new acronyms, but they do other good things, too. Their purpose is to bring the supply and demand data into focus so that an administrator on the local level, thinking about setting up a vocational program, will know what the demand is in different areas.

Then students who are thinking of going into different areas will have on-line computerized information on what the job demands are and what the market will be for the labor force.

They have given grants to the States and developed the CIDS, et cetera. We put a consultant on this a year ago. Their first draft makes it look like NOICC is doing a pretty good job.

We will have a final report shortly.

TEACHER TRAINING

Mr. **Conte**. Under national programs research, you indicate that $500,000 in 1989 discretionary funds is spent on a project to improve pre-service training of vocational education teachers. Is that a one-time project?

Mr. **Corwin**. It was a one-time project. I would note, however, that both the House and Senate reauthorization bills would expand the personnel development activities of the Department in this area.

Mr. **Conte**. I asked the question because at the AVA National Convention, they said there was little attention being paid to training vocational education teachers. Is this an area in need of some attention?

Ms. **Brand**. Some work is being done through the National Center for Research in Vocational Education, which is where the bulk of our research dollars go. They have some projects in that area also, and we can supply information on the record.

[The information follows:]

Teacher Training

The National Center for Research in Vocational Education is currently promoting the training of vocational education teachers through three major activities.

An Advanced Study Center for Leadership Development is stimulating new and improved leadership development activities for graduate students, especially doctoral students, in institutions of higher education.

A Leadership Development project is identifying the leadership capacities associated with successful vocational education administrators in order to propose instructional sequences that prepare persons to function as successful administrators.

A series of in-service education activities are focused on vocational education teachers. One planned activity is a national workshop on the development of secondary/postsecondary "Tech Prep" programs. Another activity is a collaborative effort with the Southern Regional Education Board—Vocational Education Consortium in a project to strengthen basic competencies of vocational education students.

DEMONSTRATIONS

Mr. CONTE. Under national programs demonstration, it looks as if there has been a complete change in the program from 1989, when high tech projects and dropout prevention continuations were funded and 1990, when 10 national training centers are to be funded. The House and Senate said that not less than $4,000,000 was to go this activity.

Your justifications seems to indicate that almost all the money, $9,600,000, will be used for this activity. Can you provide an explanation of what your plans are here?

Ms. BRAND. Yes. May we provide that for the record?

Mr. CONTE. Surely.

[The information follows:]

DEMONSTRATION ACTIVITIES

In 1988 and 1989, in response to congressional directives, the Department funded high technology and dropout prevention demonstration projects. In 1990, again in response to congressional directives, we are planning to use at least $4,000,000 of the $9,617,000 appropriated for cooperative demonstration programs to fund model regional skills training demonstration centers in the masonry trade. The remainder of the funds will be used for model regional centers in other building trades. We believe that limiting the focus of the centers to training in the building trades will provide for an effective, efficient, and coherent use of program funds.

NATIONAL ASSESSMENT OF VOCATIONAL EDUCATION

Mr. CONTE. Can you tell me whether the third volume of the National Assessment of Vocation Education dealing with vocational education and secondary schools was ever completed?

Mr. CORWIN. I believe all the records of the national assessment are out. We will check on that, and if it is available, we will provide it for you.

Mr. CONTE. Can you tell us how much money was spent on the third volume?

Mr. CORWIN. For the national assessment as a whole, it was about $5,200,000. I don't know if we have a budget breakout volume by volume, but we can see.

Ms. BRAND. Excuse me, that volume is not finished yet.

Mr. CONTE. Why not?

Ms. BRAND. I know that the office that was working on it has disbanded. I think we are relying on internal staff right now to try to put it together.

Mr. CONTE. What is the status of that volume?

Ms. BRAND. I think all the research is completed. The individual who was working on it moved to Wisconsin, and he is finishing it up out there. Supposedly it will be done by the end of the month.

Mr. CORWIN. One problem that we had through the life of the national assessment was that they got their mandate in 1984, but they did not get all their funding until a few years later so they were always kind of behind the eight-ball in trying to get their work done.

I think we will get a reauthorization for the national assessment, because the House and Senate bills call for one. We are hoping to get one funded at the beginning and not the end, and then we shouldn't be late with the reports.

Mr. NATCHER. Mr. Early.

Mr. EARLY. Ms. Brand, it is good to see someone with your type of resume in that job.

Ms. BRAND. Thank you.

MODEL SKILLS TRAINING CENTERS

Mr. EARLY. The House assisted in the recommendation for the model regional program for skilled people like masons and bricklayers. How much does the Department plan to allocate for that in 1990?

Ms. BRAND. The plans are approximately $4,000,000. We have gotten direction from both the House and Senate committees in that area, and we will be carrying it out.

Mr. EARLY. How do you plan to implement that?

Ms. BRAND. We will be announcing a grant competition on that and have competitive reviews of those projects.

Mr. EARLY. What steps have been taken? Do we have a time table for the first RFP?

Ms. BRAND. I think that is probably going to be out by late summer. It will be ready to go soon.

Mr. EARLY. For the record, provide what the schedule will be and when you plan to make the awards.

Ms. BRAND. Yes, sir.

[The information follows:]

SCHEDULE FOR DEMONSTRATIONS AWARDS

We expect to publish an application notice for grants for regional skills training center demonstrations in August 1990. The closing date for this competition would be in October. Awards would be made by February 1991, or shortly thereafter.

MODEL SKILL TRAINING CENTERS

Mr. EARLY. Do you wait until you see how many responses you get before you decide the amount of the awards?

Ms. BRAND. We generally decided on a ball park figure of several hundred thousand dollars so we can give some guidance to the field, but it will depend on the quality of the applications and what they ask for.

If we have a quality application coming in at $1,000,000 and it ranks the highest, we will fund it, even though we generally look at smaller grants, usually of $200,000 to $400,000.

TRAINING FOR EXISTING JOBS

Mr. EARLY. Vocational education in my city cannot survive without the help they get from you. What specific steps does the Department have in mind to avoid the frequently cited problem that occurs when young people are trained for jobs that don't exist?

Ms. **Brand**. We recommended in our reauthorization proposal that vocational education programs only be funded after they have consulted with the local community to determine where the jobs are. In that case, Federal funds would not be used to support programs if there were not jobs in the community for it.

I think both the House bill and the Senate bill have picked up on that concept, but they don't go quite as far as our original proposal went.

We feel that vocational education should be tied to economic development in the community and to the extent that we have the authority to do so, we will try to ensure that that is the case.

HIGH TECHNOLOGY TRAINING

Mr. **Early**. Mr. Conte's comment about the high-tech, we are not just disbanding that, though, are we?

Ms. **Brand**. No, we are not.

Mr. **Early**. The traditional jobs like plumbers and electricians?

Ms. **Brand**. We are not focusing on just a few areas. We want to train people for the emerging industries in those communities. When we review applications, we look to see whether they are training people for jobs and needs that exist or not.

Mr. **Early**. So we are implementing from studies that we have done?

Ms. **Brand**. We try to give information to our field readers on our emerging industries and labor markets. A lot of that should be included in the application. Normally, when you read an application, you can tell whether the applicant has been in touch with the Chamber of Commerce.

Mr. **Corwin**. The States are required every three years to do an analysis of the labor market needs in the State and of the vocational improvement needs, and to distribute their funds consistent with what is found in that analysis.

DISSEMINATION

Mr. **Early**. So, you are satisfied that there is coordination to disseminate this information to the States and the local communities to assist in the development of the curriculum?

Mr. **Corwin**. We have a lot of things going on in that area. Our National Research Center does considerable dissemination to the States. We have six curriculum coordination centers which work on a regional basis to ensure there is no duplication; if one State develops a project it can be used in another State. The groups we were talking with Mr. Conte about, NOICC and SOICC, are involved in that area as well. I think there is sufficient activity going on.

COORDINATION WITH LABOR DEPARTMENT

Mr. **Early**. When Secretary Dole was here last year, we discussed how retraining and the need to continually upgrade skills was an ongoing process. In what way does the Education Department and the Labor Department work together?

Ms. **Brand**. I think we work pretty closely together. It seems like I see my counterparts at Labor almost every day. We have a number of projects we are undertaking together. One is the School to Work Transition Project where we are looking at improving the systems to get a high school student into a job, to include counseling, career planning, education and work place training.

We hope to undertake that as a long-term project with the Department of Labor.

Mr. **Early**. It doesn't always work that way, and it should work that way.

Ms. **Brand**. We also do a lot of work with the Department of Labor on legislation and regulations. Since I have been at Education we have been sending our legislation back and forth so that we get a chance to review the JTPA legislation and Labor gets a chance to review our adult education and vocational education bills to be sure they are consistent. We will do the same when we develop the vocational education regulations for the new law and I suspect if JTPA is passed this year, Labor will have us review their regulations.

LOCAL IMPLEMENTATION

Mr. **Early**. Are you satisfied that the local governments have enough input in directing our resources to where they are need to go?

Ms. **Brand**. Yes, I think probably they do. My perspective generally is to allow the States to have the flexibility to decide where the money should go.

Mr. **Early**. A lot of times when you have a three-year study, by the time you need that particular vocational education, it has gone by.

Ms. **Brand**. I think enough flexibility should be built in so they can respond to the major changes in the economics of the community. I think we should be able to give them flexibility as long as we require accountability at the end of that period.

Mr. **Corwin**. There is provision in the law for them to amend the application during the three-year period if it needs change.

Mr. **Early**. They just come up short on money.

Thank you, Mr. Chairman.

Mr. **Natcher**. Ms. Brand, again we want to thank you for your appearance before our committee and we wish to thank you for all your cooperation.

Ms. **Brand**. Thank you.

[The following questions were submitted to be answered for the record:]

HOME HEALTH AIDES AND NURSES AIDES

Mr. Roybal: How many high schools within the United States provide vocational education credits for classes dealing with training of home health aides and nurses aides?

Ms. Brand: The Department does not collect data on the specific course offerings of high schools.

Mr. Roybal: What has been the Federal funding levels since FY 1984 for training home health aides and nurses aides in the high school vocational education programs? Of these amounts, what percentage of funding was set aside for minority students?

Ms. Brand: Federal funds are not specifically targetted on training home health aides and nurses aides in vocational education programs. We do not collect data on the amount of Federal funding used for such programs, or on the percentage of those funds used to serve minority students.

Mr. Roybal: Given the high need for training entry level health care workers, would you be supportive of establishing Federal/State demonstration projects to train home health aides and nurses aides at the secondary level?

Ms. Brand: Although training in this area is certainly a worthy use of vocational education basic grants, we are not at all certain that training of home health aides and nurses aides should be identified as a national priority or as a focus of limited Perkins Act demonstration funds.

Mr. Roybal: How many community colleges and technical institutes offer training programs for home health aides and nurse aides? What has been the federal funding levels since fiscal year 1984 for these programs? Of these amounts, what percentage of funding was set aside for minority students?

Ms. Brand: Again, we do not collect data that address this question.

Mr. Roybal: Given the high need for training entry level health care workers, would you be supportive of establishing Federal/State demonstration projects to train home health aides and nurses aides at the community college and technical institutes?

Ms. Brand: As stated above, we have not seen evidence to indicate that there is a clear national need for demonstration projects in this area.

Mr. Roybal: Has the Consumer and Homemaker Education program established home health aide and nurses aide training for its participants? What has been the Federal funding level for this program?

Ms. Brand: Homemaker/home health aide programs have been established in many States as a cooperative effort between occupational homemaking and health occupation education. We do not have specific data on enrollments or funding levels.

CORRECTIONS EDUCATION

Mr. Stokes: To what degree are criminal offenders in correctional institutions being served by vocational and adult education programs? How successful have these institutional programs been?

Ms. Brand: Under the Carl D. Perkins Vocational Education Act, States must use 1 percent of their vocational education basic State grants to serve individuals in correctional institutions. However, the Perkins Act is being reauthorized this year, and treatment of corrections programs in the final reauthorization bill is as yet unclear.

In fiscal year 1988, a total of 70,765 criminal offenders were served, according to State performance reports. Of this total, 30,862 individuals were served at the secondary level, 1,401 in mainstream programs and 29,461 in separate programs. At the postsecondary level, a total of 39,908 individuals were served, 4,995 in mainstream programs and 34,908 in separate programs.

We believe that the programs have generally been valuable, although there have been no Federal evaluations of these programs. Numerous States have developed exemplary programs. For example, in Massachusetts a Construction Maintenance project provided intensive skills training in carpentry to adult men incarcerated in the Hampshire County House of Correction. The goal of this project was to help participants become eligible for employment in the high-demand field of construction maintenance upon release. Another example is Project Heading Out, in Vermont, designed to provide offenders incarcerated at the Chittenden Community Correctional Center and the St. Johnsbury Community Correctional Center with opportunities for growth, development, and change by addressing their career, vocational, and educational options.

The Adult Education Act requires that at least 10 percent of the State grant be used for educational purposes for criminal offenders in corrections institutions and for other institutionalized adults. Adult education programs in corrections institutions may include adult basic education and literacy, English as a second language, and adult secondary education.

It has been difficult to collect data on adult education students and educational staff in State, Federal, and local correctional institutions. State education agencies vary widely in the way they define, classify, and collect data on this population. Several other Federal funding sources are made available for corrections education, including Chapter 1 funds and Perkins Act funds. State agencies must report the number of students benefiting from the programs but specific information for each source is not broken out.

Beginning in 1990, States will be required to provide separate reports for correctional services and for other institutional services supported by adult education funds. In addition, the National Center for Education Statistics, in cooperation with OVAE, has initiated a project to develop or adopt survey forms and procedures that will permit the acquisition of statistical data on the numbers of persons in correctional institutions who participate in education programs, and the extent to which such participation is supported by the various programs of the Federal Government.

POSTSECONDARY VOCATIONAL EDUCATION DROPOUTS

Mr. Stokes: What is the drop-out rate for postsecondary vocational education programs?

Ms. Brand: We do not have precise data on postsecondary vocational education dropouts, partially because of the difficulty in determining who is a vocational education student. Many students at community colleges take both vocational and academic coursework. However, the National Assessment of Vocational Education (NAVE) examined this issue and found that only 19 percent of all high school graduates who enter community colleges shortly after leaving high school complete a certificate or associate degree within four years of completing high school. NAVE also found that one-third of all postsecondary "vocational" students take less than 12 credits in vocational subjects and that 50 percent of vocational students earn less than 24 vocational credits. Typically, 30 total credits in academic and vocational subjects are required for a certificate and 60 credits are needed for an associate degree.

Mr. Stokes: Is the drop-out problem more serious among minorities?

Ms. Brand: Yes, NAVE found that while low rates of program completion and a limited number of courses taken are common for all students, the problem is most serious among minorities, economically disadvantaged students, and the growing number of high school "vocational" students who pursue postsecondary training. Minorities and disadvantaged students average substantially fewer credits and leave postsecondary institutions without earning a degree or certificate more frequently than do other students. At community colleges, black students earn 30 percent fewer credits than white students, and black students fail to earn a degree or certificate at a rate 20 percent higher than white students.

Mr. Stokes: How is the Department addressing the drop-out issue?

Ms. Brand: This is a very serious problem that deserves more attention. Special Programs for the Disadvantaged, commonly called the TRIO programs and funded under the Higher Education Account, provides funds for six different activities targetted to assist disadvantaged students in pursuing and completing postsecondary education. For fiscal year 1991, the Department is requesting $270 million for these programs, a $28 million increase over the 1990 appropriation.

WORKPLACE LITERACY PARTNERSHIPS

Mr. Stokes: You are proposing to level fund the Workplace Literacy Partnership program at $19.7 million. Yet, in your opening statement, you noted that this program has generated a tremendous interest in the field. How many grants will you fund in FY 1990? How many applications for funding did you receive for the FY 1990 cycle?

Ms. Brand: For the fiscal year 1989 competition, a total of 236 applications were received and approximately 40 workplace literacy partnership grants are expected to be awarded in late March 1990. Fiscal year 1990 funds will enable us to fund at least 70 grant awards.

FUNCTIONAL ILLITERACY

Mr. Stokes: You state in your justification there is another category of people that are not truly illiterate, but they cannot function in our technological society. How many people do you estimate are in this category and what specific effort is the Department taking to address their needs?

Ms. Brand: Experts differ about exactly how many adults have deficiencies in basic skills and what degree of deficiency classifies them as functionally illiterate. Estimates of functional illiteracy and marginal literacy depend on a number of factors, including the definition of literacy used, the population surveyed, and the way that population is assessed.

The Department is currently using an estimate that the number of functionally illiterate adults in the United States is between 23 and 28 million. The Adult Education State grant, for which we are requesting a 27 percent increase, serves these individuals. These individuals could be served in adult basic education and literacy programs where the basic reading, writing, and computation instruction ranges from the lowest level to between a sixth- and eighth-grade equivalency level if a school grade reference is used.

For those whose levels of reading, writing, and computation are higher but not proficient enough for them to function well in today's society or workplace, the more advanced adult basic education instruction -- 4th through 8th grade -- and the adult secondary education instruction -- 9th through 12th grade -- are available depending on their proficiency. This population is sometimes referred to as "marginally literate."

Those individuals whose basic skills need upgrading or updating as a result of changes in workplace requirements, technology, products, or processes are being assisted through the Workplace Literacy Partnership program, which supports demonstration grants for job-related programs of literacy and basic skills.

ADULT EDUCATION FUNDING

Mr. Conte: If the budget request for adult education State grants of $200 million is agreed to, funding will have increased by $64 million in 2 years. Will the States have any problem absorbing that large increase in funding in such a short period?

Ms. Brand: We believe that the States will have no problem absorbing the increase in funding. The demand for services exceeds the capacity of programs in most areas. Program capacity is limited by, among other factors, inadequate staffing. An increase in the number of teachers, volunteer trainers, and administrative assistants would greatly enhance the ability of programs to build capacity and to shorten waiting lists where they exist. Funding increases would allow for additional staff and programmatic expansion in such areas as outreach, materials, and staff training.

WAITING LISTS

Mr. Conte: I know the statistics about the need for adult literacy training, and it is tremendous. But what about the demand for the programs? Are there waiting lists and other indications of need the way there are for instance in drug treatment facilities? Is this a priority instituted from the top on down?

Ms. Brand: There is great demand for services. We understand that waiting lists exist for enrollment in many adult education and literacy programs, especially in large metropolitan areas and inner cities with a large number of Hispanics and blacks.

Adult illiteracy may also be a cause of related social problems, including unemployment, underemployment, reliance on public assistance, crime, and drop-out rates. The prevalence of these problems in some areas indicates the need for additional literacy services.

In rural areas, although long waiting lists may not exist, many adults who wish to enter programs cannot do so because they are unable to travel easily to the site of instruction many miles away. In these areas, there is a need to establish satellite centers, supported by the central adult education program in a community college or school. Where this has been done, a local library or community center serves as the satellite center and is staffed by a local coordinator or trained volunteers. Programs generally have not been able to address the need for this type of rural center under current funding.

Literacy initiatives generally are grassroots movements. Local public awareness, recruitment, and program outreach have brought students into programs and carried the message of the need for services to States and the Federal Government.

STATE AND LOCAL MATCHING

Mr. Conte: In Elementary and Secondary Education, and even in Vocational Education, we constantly hear that the Federal role is small, vastly overwhelmed by the contribution of State and local revenues. What about in Adult Education? What's the non-Federal share in Adult Education, and how much of a match is required in this block grant?

Ms. Brand: State and local expenditures under the Adult Education Act rose from $174 million in 1980 to $645 million in 1988, an increase of 271 percent. By contrast, Federal expenditures over this period rose 34 percent, from $100 million to $134 million.

The State and local share jumped from 43 percent to 79 percent of total expenditures in those eight years. The median State match or share is now 54 percent. The minimum State match required by the Adult Education Act is 20 percent in 1991, but we expect that most States will continue to overmatch these Federal funds.

CLEARINGHOUSES

Mr. Conte: Under English literacy grants, you want to bring that program to a close and let it be handled under the State block grant, except for continuing the $1 million clearinghouse on Literacy Education for the Limited English Proficient. Why do we need two clearinghouses here? Shouldn't that be incorporated in your new clearinghouse?

Ms. Brand: The proposed clearinghouse for adult education and literacy would encompass activities of existing clearinghouses by establishing a coordinated and comprehensive data base and referral system. The Literacy Education for the Limited English Proficient Clearinghouse is one of many smaller, single-purpose clearinghouses that offer resources and information to practitioners and policymakers in one area of literacy. Other clearinghouses are located in various Federal agencies or run through national organizations or associations, and each provides information on a specific target population or literacy issue. Our proposed clearinghouse would serve as a coordinating mechanism for the broad array of existing literacy resource centers and clearinghouses, in addition to compiling information on effective practices and programs.

A clearinghouse function is just one aspect of our proposed adult education and literacy center. It would also provide technical assistance and training, basic and applied research and development, information on best practices and effective programs, and leadership in coordination of Federal efforts.

NUMBER OF LITERACY PROGRAMS

Mr. Conte: How many different literacy programs are there in the Department and throughout the Federal Government?

Ms. Brand: The Department of Education administers twelve different programs that support literacy, such as Library Literacy, Even Start, and a research center now being competed by OERI. There are several more Federal programs outside the Department that support literacy, including JTPA, State Legalization Impact Assistance Grants, and the new JOBS program. We have a project going on now to create an inventory of all these programs and make recommendations to improve coordination between the programs.

NEW LITERACY LEGISLATION

Mr. Conte: The Senate has passed a new literacy bill, which among other things calls for a Cabinet-level council to orchestrate Federal literacy efforts. What is the impact of that proposal on the programs you run?

Ms. Brand: We strongly support the goal of increasing literacy in America that is set forth in S. 1310. However, we object to the mandated Cabinet council on literacy, which we see as an inappropriate intrusion on the Executive prerogative to manage the literacy policy process. Last year the President established a working group of the Domestic Policy Council to explore national literacy strategies and coordinate literacy programs. The proposed Cabinet council would duplicate this on-going effort.

Mr. Conte: It also authorizes a number of new programs including State literacy resource centers. Are there any good ideas in the Senate bill that you would like to see implemented?

Ms. Brand: We believe there is a role for regional resource centers to assist local service providers and States with evaluation and accountability planning and procedures. This is a critical need among adult literacy providers. The increased funding we have proposed demands increased accountability from the States, particularly as literacy and basic skills programs begin to coordinate their services. Regional Resource Centers could offer valuable assistance in this area and in providing teacher training and volunteer training at the local level.

Unfortunately, many of the other programs authorized in S. 1310 would duplicate current authorities and funding. However, I would like to see an increase in the set-aside under the basic State grant from 10 percent to 15 percent to permit more training of teachers. The adult education teaching force is largely part-time and composed of many teachers trained in elementary and secondary education. Teaching adult learners is far different from teaching school-age children and few educators are trained in this area.

Mr. Conte: What do we know about prospects for a House literacy bill?

Ms. Brand: It appears likely that the House will approve a literacy bill this session. One bill that has been introduced in the House, H.R. 3123, has some support, and we are working with the authorizing committee to fashion a bill we could accept.

JUSTIFICATION OF THE BUDGET ESTIMATES

DEPARTMENT OF EDUCATION

Vocational and Adult Education

Fiscal Year 1991 Budget Request — Page No.

Appropriation language H-1

Explanation of language changes H-1

Language analysis H-3

Amounts available for obligation H-5

Budget authority by activity H-6

Budget authority by object H-8

Summary of changes H-9

Authorizing legislation H-10

Table of estimates and appropriations H-13

Significant items in congressional appropriation reports H-14

Justification:

Account summary H-16

Activities:

1. Vocational education:
  - a. Basic grants:
    - (1) Basic State grants H-19
    - (2) Indian and Hawaiian natives set-aside H-28
  - b. Community-based organizations H-31
  - c. Consumer and homemaking education H-33
  - d. State councils H-35
  - e. National programs:
    - (1) Research H-37
    - (2) Demonstrations H-42
    - (3) Data systems H-45
  - f. Bilingual vocational training H-49

2. Adult education:
  - a. State programs H-52
  - b. National programs H-55
  - c. Literacy training for homeless adults H-58
  - d. Workplace literacy partnerships H-60
  - e. English literacy grants H-62

3. Technology education demonstrations H-64

State tables H-66

VOCATIONAL AND ADULT EDUCATION

For carrying out, to the extent not otherwise provided, [the Carl D. Perkins Vocational Education Act,]1/ the Adult Education Act, [and] the Stewart B. McKinney Homeless Assistance Act, and the Omnibus Trade and Competitiveness Act of 1988,2/ [$1,138,040,000] $239,714,000 which shall become available for obligation on July 1, [1990,] 1991, and shall remain available until September 30, [1991,] 1992, of which [$23,333,000 shall be for national programs under title IV of the Carl D. Perkins Vocational Education Act including $7,083,000 for research, $11,250,000 for demonstrations, and $5,000,000 for data collection3/ and of which] $1,000,000 shall be available only for demonstration programs authorized under section 372(d) of the Adult Education Act,4/ [$2,000,000] $3,000,000 shall be for national programs under section 383,5/ and $5,000,000 shall be for section 3846/ of the Adult Education Act and of which $988,000 shall be for technology education demonstrations under title VI, subtitle B, chapter 2 of the Omnibus Trade and Competitiveness Act of 1988.7/ (Department of Education Appropriations Act, 1990.)

Explanation of Language Changes

1/ Reference to the Carl D. Perkins Vocational Education Act has been deleted because funding for the Act is proposed for later transmittal under proposed legislation.

2/ Reference to the Omnibus Trade and Competitiveness Act of 1988 is included, because funding for the Technology Education Demonstrations program, provided under the School Improvement Programs account in 1990, is requested under this account in 1991.

3/ This language has been deleted because funding for the Carl D. Perkins Vocational Education Act is proposed for later transmittal under proposed legislation.

VOCATIONAL AND ADULT EDUCATION

Explanation of Language Changes -- Continued

4/ This language specifies that $1 million will be used only for English Literacy national demonstration activities. Funds are not requested for the English Literacy State grant program, since it duplicates the Adult Education State grant program. However, $1 million is requested for English Literacy national programs to support model demonstration programs and a national clearinghouse on English literacy training for limited English proficient adults.

5/ This language has been added to specify that $3 million of the amount for Adult Education National programs shall be for State program assistance and policy studies programs authorized by section 383 of part D of the Adult Education Act.

6/ This language has been added to specify that $5 million of the amount for Adult Education National programs shall be used for a clearinghouse on adult literacy authorized by section 384 of the Adult Education Act.

7/ This language has been added to provide funding for Technology Education demonstrations; funds for this program were provided in 1990 in the School Improvement Programs account.

Vocational and Adult Education

Language Analysis

Language Provision	Explanation
...$239,714,000 which shall become available for obligation on July 1, [1990,] 1991, and shall remain available until September 30, [1991,] 1992,...	This provision specifies that funds be appropriated on a forward-funded basis.
...of which [$23,333,000 shall be for national programs under title IV of the Carl D. Perkins Vocational Education Act including $7,083,000 for research, $11,250,000 for demonstrations, and $5,000,000 for data collection...	This provision specifies amounts for national programs under the Carl D. Perkins Vocational Education Act. The earmarking language overrides minimum funding levels for each of these programs specified in the Perkins Act.
...$1,000,000 shall be available only for demonstration programs authorized under section 372(d) of the Adult Education Act,	This provision specifies that $1,000,000 provided for English Literacy grants shall be available only for national demonstration programs.
...[$2,000,000] $3,000,000 shall be for national programs under section 383,...	This provision specifies that $3,000,000 appropriated for Adult Education national programs shall be for State program assistance and policy studies activities authorized by section 383 of the Adult Education Act. Failure to earmark these funds for this activitiy would result in the use of these funds for several other lower priority activities mentioned in the authorizing statute.
...and $5,000,000 shall be for section 384 of the Adult Education Act...	This provision specifies that $5,000,000 appropriated for Adult Education national programs shall be for the adult literacy clearinghouse and related activities authorized by section 384 of the Adult Education Act. This provision overrides the authorizing statute, which limits funds for national programs to $3,000,000.

Vocational and Adult Education

Language Analysis — Continued

Language Provision	Explanation
...and of which $988,000 shall be for technology education demonstrations under title VI, subtitle B, chapter 2 of the Omnibus Trade and Competitiveness Act of 1988.	This provision specifies that $988,000 shall be for Technology Education Demonstrations.

Vocational and Adult Education

Amounts Available for Obligation

	1989	1990	1991
Appropriation:			
Annual....................	$1,073,466,000	$1,138,040,000	$1,169,389,000 1/
Sequester..............	---	-15,570,000	---
Permanent................	7,148,000	7,148,000	7,148,000
Sequester..............	---	-100,000	---
Subtotal, adjusted appropriation......	1,080,614,000	1,129,518,000	1,176,537,000
Comparative transfer from:			
School Improvement Programs for:			
Technology education demonstrations.........	---	988,000	---
Subtotal, comparable budget authority...	1,080,614,000	1,130,506,000	1,176,537,000
Recovery of prior year obligations...............	185,000	---	---
Unobligated balance, start of year..................	44,818,000	73,218,000	---
Unobligated balance, end of year..................	-73,218,000	---	---
Unobligated balance, lapsing..................	-55,000	---	---
Total obligations....	1,052,470,000 2/	1,203,724,000	1,176,537,000 1/

1/ Includes $929,675,000 for Vocational Education that is proposed for later transmittal under proposed legislation.

2/ Excludes reimbursable amounts of $125,000.

Vocation nd Adult Education

Budget Authority by Activity

	1989 Appropriation	1990 Appropriation	1990 Revised	1991 Request
1. Vocational education:				
a. Basic grants:				
(1) Basic State grants..........	$818,702,000	$837,628,000	$837,628,000	---
(2) Indian and Hawaiian natives set-aside..................	12,864,000	13,106,000	13,106,000	---
b. Community-based organizations...	8,892,000	10,850,000	10,850,000	---
c. Consumer and homemaking education......................	33,118,000	34,176,000	34,176,000	---
d. State councils.................	7,904,000	7,942,000	7,942,000	---
e. National programs:				
(1) Research....................	6,965,000	6,986,000	6,986,000	---
(2) Demonstrations..............	14,594,000	11,096,000	11,096,000	---
(3) Data systems................	4,446,000	4,932,000	4,932,000	---
f. Bilingual vocational training...	3,771,000	2,959,000	2,959,000	---
Subtotal..................	911,256,000 1/	929,675,000 1/	929,675,000 1/	$929,675,000 1/2/
2. Adult education:				
a. State programs..................	136,344,000	157,811,000	157,811,000	200,000,000
b. National programs...............	1,976,000	1,973,000	1,973,000	8,000,000
c. Literacy training for homeless adults................	7,094,000	7,397,000	7,397,000	10,000,000
d. Workplace literacy partnerships.	11,856,000	19,726,000	19,726,000	19,726,000
e. English literacy grants.........	4,940,000	5,888,000	5,888,000	1,000,000
Subtotal..................	162,210,000	192,795,000	192,795,000	238,726,000
3. Technology education demonstrations..................	---	---	988,000 3/	988,000
Total.....................	1,073,466,000 1/	1,122,470,000 1/	1,123,458,000 1/	1,169,389,000 1/2/

NOTE: Amounts in the 1990 appropriation column are the actual appropriation to this account. Amounts in all other columns are comparable to 1991.

Vocatio and Adult Education

Budget Authority by Activity -- Continued

1/ Excludes amounts available from the permanent (Smith-Hughes) appropriation.

2/ Amounts for Vocational Education in 1991 are proposed for later transmittal under proposed legislation.

3/ Adjusted for comparability, funds were appropriated in the School Improvement Programs account.

Vocational and Adult Education

Budget Authority by Object

	1989 Appropriation	1990 Appropriation	1991 Request
Other services..............	$16,283,000	$16,330,000	$9,000,000
Grants, subsidies, and contributions.............	1,057,183,000	1,107,128,000	1,160,389,000 2/
Total................	1,073,466,000 1/	1,123,458,000 1/	1,169,389,000 1/2/

1/ Excludes amounts available from the permanent (Smith-Hughes) appropriation.

2/ Includes $929,675,000 for Vocational education that is proposed for later transmittal under proposed legislation.

Vocational and Adult Education

Summary of Changes

1990 Appropriation....................................	$1,123,458,000 1/
1991 Request..	1,169,389,000 1/2/
Net change..............................	+45,931,000

1/ Excludes amounts available from the permanent (Smith-Hughes) appropriation.

2/ Includes $929,675,000 for Vocational education that is proposed for later transmittal under proposed legislation.

	1990 base	Change from base
Increases:		
Program:		
1. Increase in funding for Adult Education State programs to allow States to expand and improve adult education and literacy programs..................	$157,811,000	+$42,189,000
2. Increase in funding for Adult Education National programs to allow continuation and completion of research, development, and evaluation to support adult education and initiation of a clearinghouse on adult literacy....	1,973,000	+6,027,000
3. Increase in funding for Literacy Training for Homeless Adults to provide full funding for Stewart B. McKinney Homeless Assistance Act programs to aid the homeless.......	7,397,000	+2,603,000
Subtotal..................		+50,819,000
Decreases:		
Program:		
1. Reduction of funding for English Literacy Grants to limit funds to national English literacy demonstration activities.........................	5,888,000	-4,888,000
Subtotal..................		-4,888,000
Net change................		+45,931,000

Vocational and Adult Education

Authorizing Legislation

Activity	1990 Authorized	1990 Appropriation	1991 Authorized	1991 Request
1. Vocational education:				
a. Basic grants:				
(1) Basic State grants (CDPVEA-II)	Indefinite	$837,628,000	1/	---
(2) Indian and Hawaiian natives set-aside (CDPVEA-103)	2/	13,106,000	1/	---
b. Community-based organization programs (CDPVEA-III-A)	Indefinite	10,850,000	1/	---
c. Consumer and homemaking education (CDPVEA-III-B)	Indefinite	34,176,000	1/	---
d. State councils (CDPVEA-112)	Indefinite	7,942,000	1/	---
e. National programs:				
(1) Research (CDPVEA-IV-A)	3/	6,986,000	1/	---
(2) Demonstrations (CDPVEA-IV-B)	3/	11,096,000	1/	---
(3) Data systems (CDPVEA-IV-C)	3/	4,932,000	1/	---
f. Bilingual vocational training (CDPVEA-IV-E)	Indefinite	2,959,000	1/	---
g. Permanent appropriation (SHA)	$7,148,000	7,048,000	$7,148,000	$7,148,000
h. Vocational education (proposed legislation)	---	---	To be determined	929,675,000
2. Adult education:				
a. State programs (AEA-B)	Indefinite 4/	157,811,000	Indefinite 4/	200,000,000
b. National programs (AEA-D)	Indefinite 4/	1,973,000	Indefinite 4/	8,000,000
c. Literacy training for homeless adults (SBMHAA-VII-A)	10,000,000	7,397,000	10,000,000 5/	10,000,000
d. Workplace literacy partnerships (AEA-C-371)	Indefinite	19,726,000	Indefinite	19,726,000
3. English literacy grants (AEA-C-372)	27,600,000	5,888,000	29,000,000	1,000,000
3. Technology education demonstrations (OTCA-IV-B-2)	Indefinite	988,000	Indefinite	988,000

Vocatic ind Adult Education

Authorizing Legislation -- Continued

Activity	1990 Authorized	1990 Appropriation	1991 Authorized	1991 Request
Unfunded authorizations:				
Adult training, retraining, and employment development:				
Basic program (CDPVEA-III-C-1).....	Indefinite	---	1/	---
Special program (CDPVEA-III-C-2)...	Indefinite	---	1/	---
Comprehensive career guidance and counseling (CDPVEA-III-D)............	Indefinite	---	1/	---
Industry education partnership for high technology training (CDPVEA-III-E)......................	Indefinite	---	1/	---
Special high technology program (CDPVEA-343(d))....................	Indefinite	---	1/	---
Total definite authorization.	$44,748,000		$46,148,000	
Total appropriation..........		$1,130,506,000		$1,176,537,000

1/ The GEPA extension expires September 30, 1990. New authorizing legislation is pending.

2/ Under the Carl D. Perkins Vocational Education Act, of the combined amounts appropriated for Titles I (other than Section 112), II, and IV (other than Part E), 1.5 percent is set aside for Indian and Hawaiian Natives programs.

3/ Under the Carl D. Perkins Vocational Education Act, of the combined amounts appropriated for Titles I (other than Section 112), II, and IV (other than Part E), 2 percent is to be set aside for National Programs. Of this amount, 35 percent is to be used for Research, 35 percent for Demonstrations, and 30 percent for Data Systems.

Authorizing Legislation -- Continued

4/ Under the Adult Education Act, the Secretary may reserve up to $3,000,000 for National programs if the overall appropriation exceeds $108,000,000. The remainder is available for State programs.

5/ The Stewart B. McKinney Homeless Assistance Act is authorized through September 30, 1990. The GEPA extension of the Literacy Training for Homeless Adults program expires September 30, 1991.

Vocational and Adult Education

Table of Estimates and Appropriations

	Budget Estimate to Congress	House Allowance	Senate Allowance	Appropriation[1]
1982	$626,764,000[2]	$796,478,000	$779,026,000	$735,025,000
1983	492,839,000	829,500,000	803,500,000[3]	816,500,000
1984	492,839,000	835,000,000	831,314,000	831,314,000
1985	831,314,000	831,314,000	831,314,000	831,314,000
1985 Suppl.	—	—	148,220,000	101,963,000
1986	831,314,000	933,277,000	946,314,000	940,777,000
1986 Sequester				-40,612,000
1986 Proposed Rescission	-210,337,000	—	—	—
1987	504,974,000	1,020,119,000	943,163,000	980,800,000
1987 Proposed Rescission	-432,319,000	—	—	—
1988	130,000,000	1,029,600,000	1,072,450,000	1,005,557,000
1989	1,031,095,000	1,091,966,000	1,084,130,000	1,073,466,000
1990	1,114,904,000[4]	1,151,035,000	1,126,239,000	1,138,040,000
1990 Sequester				-15,570,000
1991	1,169,389,000[5]			

Note.—Excludes permanent appropriation of $7,161,000 for fiscal years 1981-84 and $7,148,000 for fiscal years 1985-91. Excludes sequester amount of $307,000 for fiscal year 1986 and $100,000 for fiscal year 1990 associated with the permanent appropriation.

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[1] Reflects enacted supplementals, rescissions, and reappropriations in amounts appropriated prior to fiscal year 1985.

[2] Revised 1982 request submitted in September 1981.

[3] Senate Committee action.

[4] Includes $942,239,000 for Vocational education that was proposed for later transmittal under proposed legislation.

[5] Includes $929,675,000 for Vocational education that is proposed for later transmittal under pending legislation.

Vocational and Adult Education

Significant Items in Congressional Appropriations Reports

Item	Action taken or to be taken
1990 House Report	
Program Effectiveness Data	
The Committee expects the Secretary to ensure that Vocational Education witnesses at future hearings are able to relate more dependable, accurate data on the effectiveness of Vocational Education programs, specifically, quantitative program outcomes.	The Department is actively seeking to improve available data on vocational education. A Departmental working group was formed in early 1989 to make recommendations for improvement of Data on Vocational Education (DOVE), the Department's system for collecting and analyzing data on vocational education. This working group's three major recommendations were to add questions relevant to vocational education to other education survey instruments, to undertake more focused analyses of existing data that can be brought to bear on vocational education issues, and to undertake, in some instances, new data collection initiatives. These recommendations are being acted upon, and better information on vocational education can be expected in the future.
Regional Skills Training Centers	
The Committee specifies that funds are included within the national programs funding for development of a model regional approach for training skilled tradesmen. The Committee specifies that the masonry and bricklaying trade is one that would benefit from a regional approach.	The Department will use approximately $10 million provided for cooperative demonstration programs for regional skills training centers. An invitational priority for projects addressing the masonry and bricklaying trades should ensure that at least $4 million of these funds are used as the committees direct.

Vocational and Adult Education

Significant Items in Congressional Appropriations Reports — Continued

Item	Action taken or to be taken
1990 Senate Report	
Regional Skills Training Centers	
The Committee directs that not less than $4 million of the amount provided for demonstrations be used to support model regional training centers that will supplement local training activities in the masonry trade. These centers may included a national training center.	The Department will use approximately $10 million provided for cooperative demonstration programs for regional skills training centers. An invitational priority for projects addressing the masonry and bricklaying trades should ensure that at least $4 million of these funds are used as the Committees direct.
National Center for Research on Vocational Education (NCRVE)	
The Committee requests that the Secretary report at the earliest possible time on the feasibility of having NCRVE conduct the statistics-gathering and reporting activities on vocational education currently conducted by NCES. The Committee believes that NCRVE may be better suited to execute this function and that such a transfer of responsibilities might free up personnel and resources for other activities within NCES.	The Department is reviewing the suggested transfer and will report to Congress very soon. However, it is advantageous to maintain the vocational education statistics gathering function within NCES where vocational education data can be collected and analyzed in the context of information on the balance of the education enterprise.
Corrections Education	
The Committee strongly recommends that the Vocational Education and Adult Education set-asides for corrections education be used to provide criminal offenders in correctional institutions with basic literacy and training in a marketable job skill. This is particularly important for first-and second-time offenders, as well as juveniles.	Under the Perkins Act, each State must use 1 percent of its Basic State grant allocation for programs for criminal offenders who are serving in correctional institutions. Under the Adult Education Act each State must use at least 10 percent of its State grant for literacy programs for institutionalized individuals (including individuals in institutions other than corrections facilities) and corrections education. The Department will provide guidance to State Directors of Vocational Education and Adult Education on permissible uses of these funds and to alert them to this congressional concern.

Vocational and Adult Education

Account Summary

	1989 Appropriation	1990 Appropriation	1991 Request
1. Vocational education:			
a. Basic grants:			
(1) Basic State grants.............	$818,702,000	$837,628,000	—
(2) Indian and Hawaiian natives set-aside..	12,864,000	13,106,000	—
b. Community-based organizations..........	8,892,000	10,850,000	—
c. Consumer and homemaking education...............	33,118,000	34,176,000	—
d. State councils..........	7,904,000	7,942,000	—
e. National programs:			
(1) Research............	6,965,000	6,986,000	—
(2) Demonstrations......	14,594,000	11,096,000	—
(3) Data systems........	4,446,000	4,932,000	—
f. Bilingual vocational training...............	3,771,000	2,959,000	—
Subtotal...........	911,256,000 1/	929,675,000 1/	$929,675,000 1/2/
2. Adult education:			
a. State programs..........	136,344,000	157,811,000	200,000,000
b. Research, demonstration, and evaluation.........	1,976,000	1,973,000	8,000,000
c. Literacy training for homeless adults........	7,094,000	7,397,000	10,000,000
d. Workplace literacy partnerships...........	11,856,000	19,726,000	19,726,000
e. English literacy grants.	4,940,000	5,888,000	1,000,000
Subtotal...........	162,210,000	192,795,000	238,726,000
3. Technology education demonstrations...........	—	988,000	988,000
Total..............	1,073,466,000	1,123,458,000	1,169,389,000

1/ Excludes amounts available in each year from the permanent (Smith-Hughes) appropriation.

2/ Amounts for Vocational Education in 1991 are proposed for later transmittal under proposed legislation.

Vocational and Adult Education

Account Summary — Continued

The Vocational and Adult Education appropriation supports programs designed to train a skilled and literate workforce. These funds are used by State and local administrators to expand and improve vocational education programs, ensure equal opportunity in vocational education to traditionally underserved populations, enable functionally illiterate adults to acquire basic skills, and assist adults in acquiring a high school diploma or its equivalent.

The Federal vocational education programs are authorized by the Carl D. Perkins Vocational Education Act, which expires September 30, 1990. Under the Perkins Act, States may use up to 7 percent of their basic grant funds for State administration. Fifty-seven percent of the remainder must be used for support of vocational education services targeted on six groups: the handicapped; the disadvantaged; adults in need of training or retraining; single parents and homemakers; participants in programs to eliminate sex bias and stereotyping; and criminal offenders in correctional institutions. The remaining 43 percent must be used for vocational education program improvement, innovation, and expansion, and may not be used merely to maintain regular vocational education programs.

The Adult Education Act authorizes programs that assist educationally disadvantaged adults in developing basic skills and in obtaining a high school diploma or equivalency certificate. State directors estimated that 3 million adults participated in the State programs in 1988. Each State must use at least 80 percent of its Federal grant for adult basic education; remaining funds may be used for high school equivalency programs. The Adult Education Act also authorizes a variety of national programs to support and disseminate research to increase our understanding of the problem of illiteracy and effective means to combat it, and two categorical programs to support literacy training.

The overall budget request for vocational and adult education is $1,169,389,000, an increase of $45,931,000 over the 1990 appropriation. This amount reflects level funding for vocational education programs and an increase of $45,931,000 for adult education programs. The request for vocational education is proposed for later transmittal pending enactment of reauthorizing legislation.

In May 1989, the Administration proposed the Vocational Education Excellence Act of 1989 to reauthorize the Perkins Act. This proposal would make substantial improvements to current law, especially in requiring new accountability for States' use of Federal vocational education funds. The House-passed reauthorization bill, H.R. 7, and the Senate Committee-passed bill, S. 1109, both contain provisions that reflect the Administration's proposal. The Perkins Act is expected to be reauthorized early in 1990. A detailed budget proposal for vocational education will be provided after enactment of the new legislation.

Vocational and Adult Education

Account Summary — Continued

Programs to combat adult illiteracy are one of this Administration's highest priorities, and this emphasis is reflected in the major increases proposed for 1991. Funding for adult education programs would be increased in 1991 to $238,726,000, the highest level ever. As the centerpiece of Federal efforts to improve adult literacy, the State programs grant would be funded at $200,000,000, an increase of $42,189,000, or 27 percent, over the amount available for 1990. The increased matching requirements for States under the reauthorized Adult Education Act will ensure that this large increase in funding results in even greater State and local support for adult education.

Funds also are included for Adult Education National programs, to continue the Department's program of research, evaluation and development to increase national understanding of how best to combat illiteracy, and to start a national clearinghouse on adult literacy to develop and disseminate information on best practices in the adult education field.

The Department is requesting $29,726,000 for literacy programs, including $10,000,000 for the Literacy Training for Homeless Adults program, to fulfill the President's commitment to full funding for all programs authorized by the Stewart B. McKinney Homeless Assistance Act. Funds are also provided for Workplace Literacy Partnerships, to supplement Adult Education State programs grant activities and for national demonstration activities under the English literacy grants program to develop and disseminate information on the most effective ways to provide English literacy training to the limited English proficient. No funds are requested for English Literacy State grants, which duplicate the Adult Education State programs grant.

Finally, $988,000 is requested for Technology Education Demonstrations. This would provide level funding for this new program, for which funds were provided for the first time in 1990 in the School Improvement Programs account.

Vocational and Adult Education

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1. Vocational education: a. Basic grants: (1) Basic State grants (Carl D. Perkins Vocational Education Act, Title II)

1991 Authorization: To be determined 1/

Budget Authority:

1990 Appropriation 2/	1991 Request 3/	Increase or Decrease
$837,628,000	---	---

1/ The GEPA extension expires September 30, 1990. New authorizing legislation is pending.

2/ Excludes amounts available from the permanent (Smith-Hughes) appropriation.

4/ After reauthorizing legislation is enacted, specific requests for individual activities will be made.

Purpose and Method of Operation

The purpose of the Basic State Grants program is to assist States and Outlying Areas to expand and improve their programs of vocational education and provide equal opportunity in vocational education to historically underserved populations. The populations assisted by Basic Grants range from secondary students in prevocational courses through adults who need retraining to adapt to changing technological and labor market conditions.

Under the Carl D. Perkins Vocational Education Act, funds are allocated to the States and Outlying Areas according to a formula based on State per capita incomes for the three most recent fiscal years, and on State populations in three age cohorts (15-19, 20-24, and 25-65) in the preceding fiscal year. Each State must receive at least its fiscal year 1985 formula allocation. If additional funds are available after this "hold-harmless" requirement has been met, no State may receive less than 0.5 percent of the total amount available for allocation. However, no State may, as a result of this last provision, receive more than 150 percent of what it received in the previous fiscal year. No Outlying Area may receive less than a total of $200,000 for all programs authorized by Title II and Parts A, B, C, D, and E of Title III.

Of the funds a State receives for Basic State grants:

- Up to 7 percent may be used for State administration.

Vocational and Adult Education

1. Vocational education: a. Basic grants: (1) Basic State grants

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Purpose and Method of Operation — Continued

- 57 percent of the remainder is for Part A, vocational education opportunities, and must be used as follows:
  - 10 percent for the handicapped;
  - 22 percent for the disadvantaged, including the limited English proficient;
  - 12 percent for adult training and retraining;
  - 8.5 percent for single parents and homemakers;
  - 3.5 percent for programs to eliminate sex bias and stereotyping; and
  - 1 percent for programs in correctional institutions.
- The remaining 43 percent is for Part B, vocational education improvement, innovation, and expansion, of which:
  - No funds may be used merely to maintain existing programs;
  - Some funds must be used for personnel development; and
  - Support for guidance and counseling must be maintained at least at the 1984 level.

The Perkins Act is currently being reauthorized. On May 9, 1989, the House passed H.R. 7, the Applied Technology Education Amendments of 1989. The Senate Labor and Human Resources Committee approved its own amendments to the Perkins Act, S. 1109, on November 1, 1989. Both H.R. 7 and S. 1109 would make substantial changes to current law.

Highlights of H.R. 7 changes to the Basic grant program include the following:

- Twenty percent of basic State grant funds would be reserved for State administration (5 percent), sex equity (3 percent) and displaced homemakers programs (7 percent), and other State leadership activities.
- Remaining funds would be distributed to LEAs according to an intra-State formula based on Chapter 1 basic grant allocations, handicapped enrollments, and enrollment in vocational education programs; funds would be distributed to postsecondary institutions based on numbers of Pell grant and BIA recipients, vocational rehabilitation enrollments, and the institutions' relative shares of all (or all vocational) students.
- The 57 percent/43 percent split of basic State grant funds between services to special populations and program improvement activities would be eliminated.
- States would be required to develop and implement a system of standards and measures of performance for applied technology education programs, but would not be required to apply the system to funding decisions.

Vocational and Adult Education

1. Vocational education: a. Basic grants: (1) Basic State grants

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Purpose and Method of Operation — Continued

Highlights of S. 1109 include the following:

- Twenty percent of the basic State grant funds would be reserved for State administration (5 percent), sex equity (4 percent), and other leadership activities.

- States would be required to distribute 65-75 percent of remaining funds to LEAs primarily on the basis of Chapter 1 allocations; the remaining 25-35 percent would be distributed to postsecondary and adult vocational programs.

- The 57 percent/43 percent split of basic State grant funds between services to special populations and program improvement would be eliminated.

- States would be required to develop measurable objective criteria for the quality of programs and to take action to improve local programs that continue to be ineffective after two years.

Congress is expected to complete the reauthorization of the Perkins Act in early 1990.

This is a forward-funded program. Fiscal year 1990 funds will become available on July 1, 1990, and remain available for obligation until September 30, 1991. The level of funding is dependent upon the availability of appropriations.

Accomplishments

The National Assessment of Vocational Education (NAVE) final report was sent to Congress early in 1989, and provided detailed information on how the Perkins Act has been implemented, as well as data on secondary and postsecondary vocational education. NAVE's findings about the implementation of the Perkins Act include the following:

- Overall, about 40 percent of Perkins Act funds have been spent at the postsecondary level, but the rates at which States allocated Perkins Act funds among secondary and postsecondary sectors varied greatly. Postsecondary allocations ranged from 8 to 100 percent. In addition, separate area vocational school districts appeared to receive a disproportionate share of the Federal funds that flowed to secondary education. Area vocational school districts and postsecondary institutions received larger per-pupil grants than regular school districts.

Accomplishments — Continued

- At the secondary level, NAVE found some evidence that Basic Grant funds are targeted to school districts with higher rates of poverty, but the amount of targeting has not increased as a result of the introduction of an instrastate formula or other provisions in the Perkins Act. There is no evidence of comparable targeting at the postsecondary level.

- Most school districts received awards that were too small to mount new initiatives of any size. Half of all school districts received $7,910 or less, and three-quarters of the districts received $25,000 or less. Such resources are insufficient to pay for even one full-time teaching position. By contrast, separate area vocational school districts and postsecondary institutions received median grants exceeding $90,000.

- For the disadvantaged set-aside alone, school districts with the highest poverty rates had a greater likelihood of receiving an award, and their per-student disadvantaged (and handicapped) set-aside awards were larger than those in other districts. Within districts, however, case studies were unable to uncover any systematic means for funds distribution or service provision based on student or programmatic characteristics. Many districts did not know how many students were eligible for services, and some did not know how many were actually served. The only systematic distribution mechanism uncovered was a tendency to locate services in facilities other than comprehensive high schools--such as area vocational facilities, vocational high schools, and alternative schools.

- Districts that received funds under the disadvantaged set-aside were more likely than those without funds to indicate that they provided vocational assessments to academically disadvantaged students. Student assessments may do little, however, to determine or upgrade the vocational programs in which secondary students enroll. Districts with set-aside funds were no more likely than districts without such funds to provide other services such as academic remediation, summer jobs, alternative schools, and curriculum modification.

- Services under the handicapped set-aside have gone to students with individualized education plans (IEPs) at the secondary level and to students with cognitive or physical impairments at the postsecondary level. Perkins Act resources under the handicapped set-aside are used primarily to help pay for the instructional costs of vocational education for students with handicaps (e.g., extra aides in classrooms) in both mainstreamed and separate settings, and to provide assessments and other forms of guidance. Instructional spending was divided between mainstreamed and separate classes at rates of about 1.5 to 1 in school districts and 2 to 1 in area vocational districts.

Accomplishments -- Continued

- Sex equity grants are small and spread among a substantial number of activities. At the secondary level, common uses included in-service training, recruitment, and counseling. Area vocational schools had similar patterns but somewhat less support for in-service education and more for instructional salaries. Postsecondary institutions had spending patterns similar to those of area vocational schools. Case studies revealed a small amount for direct economic assistance at the postsecondary level.

- At the secondary level, most funds under the single-parent and homemaker set-aside have flowed to a small number of school districts and a larger number of area vocational districts. From the case studies it appears that most of these funds were used in programs for teenage parents, particularly for counseling. Only a subset of districts used funds for instructional services. School districts receiving funds had lower poverty rates than districts without funds.

- Case studies indicated that, in a number of the community college sites, single parent/homemaker funds have supported a portion of the costs of centers for displaced homemakers. Services have included recruitment, counseling, courses or group sessions aimed at building assertiveness and self-esteem, referral to child care and other social services, referral for student aid, referral to training and, in a small number of sites, instructional services or direct financial support.

- It appears that the adult and corrections set-asides pay for general operating support of educational offerings. Few States have established priorities for the funds. The set-aside for adults helps support vocational programs in school districts (including area vocational schools) and postsecondary institutions. In the case studies, community colleges were more likely to identify a specific use of adult set-aside funds, but overall, few specific purposes were identified.

- Slightly over one half of program improvement funds traced to the local level were spent by postsecondary institutions. A little over a quarter of school districts and about half of area vocational school districts and postsecondary institutions also spent these funds. Median expenditures in separate area vocational districts were 2.5 times, and in postsecondary institutions 5.1 times, the size of those in school districts.

Vocational and Adult Education

1. Vocational education: a. Basic grants: (1) Basic State grants

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Accomplishments — Continued

- At both secondary and postsecondary levels, most program improvement funds were used to purchase equipment. Equipment purchases described in the case studies appeared to be about equally divided between computers (and related software and printers) and technical equipment for specific vocational programs. In the few States that forbade the use of the funds for the equipment, funds were used for a wide range of activities including adoption of the "Principles of Technology" curriculum, support of student organizations, and in-service training. Few program improvement funds were spent for programs or services for special populations.

- A small share of sex equity, adult, and single-parent set-aside funds and a substantial share of program improvement funds were retained for statewide activities. Most statewide projects involved assistance to secondary vocational education. In States where case studies were conducted, the amount of program improvement funds retained ranged from less than 10 to as much as 40 percent.

- In the nine States where case studies were conducted, funds retained at the State level were most commonly used for curriculum development. Other uses included establishing and maintaining regional resource centers for vocational education and in-service and pre-service staff development. A few States used federal resources to develop curricula and stimulate change aimed for teaching general vocational skills or for curriculum and model program development for vocational-academic integration.

The NAVE staff also analyzed data on 1982 high school graduates and made the following findings related to secondary vocational education enrollments:

- In 1982, credits earned by students planning to attend postsecondary vocational institutions or college accounted for nearly three-quarters of all vocational credits taken by high school graduates.

- Students planning to work after high school took an average of 6.06 credits of vocational education during high school. Students who aspired to attend a postsecondary vocational-technical institution average 5.81 credits; students planning to attend some college averaged 4.55 credits; and students who planned to graduate from college averaged 3.17 credits.

- Work-bound students were 18.2 percent of high school graduates and took 25.2 percent of all vocational credits. Students planning to attend postsecondary vocational-technical institutions or college were 82 percent of graduates and took 26.5 percent and 47.9 percent of all vocational credits, respectively.

Accomplishments — Continued

- Total vocational enrollments (average: 4.21 credits) exceeded enrollments in any other subject area, including English, the largest academic subject (average: 4.02 credits).

The NAVE findings about the access of special populations to high-quality vocational education were mixed:

- Academically disadvantaged students and students with handicaps clearly take more vocational education than do other students. For students with handicaps, the vocational education they take is also likely to be "mainstreamed" (81.7 percent of credits), that is, the credits are earned in regular as opposed to self-contained classrooms. In contrast, only 59.6 percent of the academic credits of handicapped students are earned in regular classrooms.

- Problems of participation in high-quality vocational education are serious for female handicapped and academically disadvantaged students. Approximately half of all the vocational credits earned by handicapped and disadvantaged females are in low-level service occupation courses or consumer and homemaking education. Otherwise, handicapped and disadvantaged students take the same proportion of occupationally specific vocational education as other students; the same or more credits, on average, in area vocational schools; and about the same amount of cooperative and other forms of work-based education. (Work-based education has been found helpful to students in gaining employment after leaving school.)

- There are major differences in the quality of vocational education between schools with high and low concentrations of academically and economically disadvantaged students at measured by the breadth and depth of courses offered. Students in schools with high concentrations of disadvantaged students take large amounts of vocational education and have the most limited range of vocational offerings from which to choose.

The NAVE findings related to postsecondary education include the following:

- There are a total of 4.3 million "vocational" students at community colleges, two-year technical colleges, public vocational technical schools, and proprietary schools. Three-fourths of all students at these institutions major in vocational subjects and over the past two decades the percentage of postsecondary students enrolled in vocational education has grown substantially.

Vocational and Adult Education

1. Vocational education: a. Basic grants: (1) Basic State grants

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Accomplishments — Continued

- The major problem facing postsecondary vocational education is that many students do not stay in school long enough to receive in-depth training. Low rates of program completion and a limited number of courses taken are common for all students regardless of race, gender, economic status, or ability. The problem is most serious, however, among minorities, economically disadvantaged students, and the growing number of high school "vocational" students who pursue postsecondary training. Minorities and disadvantaged students average substantially fewer credits and leave postsecondary institutions without earning a degree or certificate more frequently than do other students.

- For students who accumulate substantial amounts of vocational credits or complete programs, postsecondary vocational education pays off in economic terms. Students who obtain degrees or certificates, or who otherwise take a substantial amount of vocational training in their major field, are more likely to be employed and more likely to get a job in their field of training than are students who take small amounts of vocational training. Students who take more training and are employed in their field also earn higher wages than students who take less training or are not employed in the field in which they trained.

1991 Budget Proposal

As soon as new authorizing legislation is enacted, a budget request in the amount of $929,675,000 for Vocational Education will be submitted to Congress. Specific amounts requested for individual activities will be determined at that time.

Impact Data 1/	1989	1990	1991 2/
Basic State grants (Including Outlying Areas):			
Number of grants..........	57	57	—
Average grant............	$14,484,218	$14,814,991	—
State administration......	57,792,029	59,111,840	—
Part A:			
Handicapped...............	76,780,838	78,534,302	—
Disadvantaged, including LEP..................	168,917,843	172,775,465	—
Adult training and retraining..............	92,137,005	94,241,163	—
Single parents and homemakers..............	65,263,712	66,754,157	—

Vocational and Adult Education

1. Vocational education: a. Basic grants: (1) Basic State grants

Impact Data — Continued	1989	1990	1991 2/
Sex equity................	$26,873,293	$27,487,006	—
Correctional institutions.	7,678,084	7,853,430	—
Subtotal, Part A.......	437,650,776	447,645,523	—
Part B...................	330,157,603	337,697,500	—
Total	825,600,408	844,454,864	—

1/ Includes amounts available from the permanent (Smith-Hughes) appropriation.

2/ Specific amounts for individual activities will be determined after reauthorizing legislation is enacted.

Vocational and Adult Education

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1. Vocational education: a. Basic grants: (2) Indian and Hawaiian natives set-aside
(Carl D. Perkins Vocational Education Act, Title I, Section 103)

1991 Authorization: To be determined 1/

Budget Authority:

1990 2/ Appropriation	1991 3/ Request	Increase or Decrease
$13,106,000	---	---

1/ The GEPA extension expires September 30, 1990. New authorizing legislation is pending.

2/ Excludes $106,000 available for Indian and Hawaiian natives programs from the permanent (Smith-Hughes) appropriations.

3/ After reauthorizing legislation is enacted, specific requests for individual activities will be made.

Purpose and Method of Operation

Under the Perkins Act, 1.5 percent of the combined appropriations for Titles I (other than Section 112), II, and IV (other than Part E) is set aside for Indian and Hawaiian natives programs. Of this amount, 0.25 percent is used to serve Hawaiian natives and 1.25 percent is used to fund the Indian program.

Grants under the Indian program are awarded on a nationally competitive basis to federally recognized Indian tribes or tribal organizations for services that are in addition to services Indians are eligible to receive under other provisions of the Perkins Act. The Perkins Act requires that the Bureau of Indian Affairs match these expenditures, but this provision has been overridden every year in the appropriations act for the Department of the Interior.

Under the Hawaiian natives program, grants also are awarded competitively to organizations primarily serving and representing Hawaiian natives. Recipient organizations must be recognized by the Governor of Hawaii. Since the Governor has recognized only one organization -- Alu Like, Inc. in Honolulu -- only one grant has been awarded in each year of the program.

Purpose and Method of Operation -- Continued

The reauthorization of the Perkins Act may alter the size of the Indian and Hawaiian natives programs. While H.R. 7 would make no change to these programs, S. 1109 would increase the set-aside for Indian and Hawaiian natives to 2 percent of the amounts for the Basic State grant and parts A, B, and C of National programs. Of this amount, 1-2/3 percent would be for the Indian program and 1/3 percent would be for the Hawaiian natives program.

These are forward-funded programs. Fiscal year 1990 funds will become available on July 1, 1990, and remain available for obligation until September 30, 1991. The level of funding is dependent upon the availability of appropriations.

Accomplishments

Fiscal year 1989 funds from the Department of Education are supporting 38 grants to Indian tribal organizations, including 2 new awards and 36 continuation grants for ongoing projects. Fiscal year 1990 funds will be used for 25 new awards and to continue 14 current projects. Funded projects must be coordinated with tribal economic development plans and must demonstrate a placement rate of at least 65 percent, but many of the Indian vocational education projects have much higher placement rates. Several projects have demonstrated exceptional success in training and placing participants in jobs. The Maricopa-Pima Tribe in Arizona reported a 100 percent placement rate for the 1988-89 project year. The Arizona Cocop Tribe reported a 95 percent placement rate, and Salish Kootenai College on the Flathead Reservation reported an 85 percent placement rate.

Under the Hawaiian natives program considerable work has been done to identify the special vocational education needs of native Hawaiians. Some data suggests that while native Hawaiians enroll heavily in high school vocational programs, these individuals have trouble making the transition to and persisting in postsecondary vocational education. As a result, fiscal year 1989 funds are being used by Alu Like for a variety of projects designed to increase the aspirations and achievement levels of native Hawaiians related to vocational education and employment. Major projects being funded this year include:

- The Hana Kupono Project, to improve the basic skills of native Hawaiian students in the intermediate grades in order to increase their potential for success in high school and beyond;

- The Career Education Demonstration Project, to improve student academic achievement in mathematics through career education infusion techniques;

Accomplishments — Continued

- The Senior Career Intern Project, to assist native Hawaiian high school seniors who are interested in careers in business management to gain exposure to the business world;

- The University of Hawaii Community Colleges Native Hawaiian Vocational Education Project, to analyze and modify institutional procedures and provide student support services in order to increase the retention and completion rates of native Hawaiians in postsecondary vocational education.

- The Hawaii Computer Training Center, to generate private financial support for training native Hawaiian adults in computer skills;

- The Native Hawaiian Business Development Center Entrepreneurial Training Project, to assist native Hawaiian adults in developing skills, attitudes, and techniques necessary to start and support successful business enterprises.

1991 Budget Proposal

As soon as new authorizing legislation is enacted, a budget request in the amount of $929,675,000 for Vocational Education will be submitted to Congress. Amounts requested for specific activities will be determined at that time.

Impact Data 1/	1989	1990	1991 2/
Total available, Indian and Hawaiian natives programs.......	$12,971,000	$13,212,332	---
Indian program:			
Total available...............	$10,808,990	$11,010,277	---
Number of awards..............	38	40	---
Average award.................	$284,447	$275,257	---
Hawaiian natives program:			
Total available...............	$2,161,798	$2,202,055	---
Number of awards..............	1	1	---

1/ Impact data reflect amounts available from both the annual and permanent (Smith-Hughes) appropriations.

2/ Specific amounts for individual activities will be determined after reauthorizing legislation is enacted.

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1. Vocational education: b. Community-based organizations
(Carl D. Perkins Vocational Education Act, Title III, Part A)

1991 Authorization: To be determined 1/

Budget Authority:

1990 Appropriation	1991 2/ Request	Increase or Decrease
$10,850,000	---	---

1/ The GEPA extension expires September 30, 1990. New authorizing legislation is pending.

2/ The amounts requested for individual activities will be determined after reauthorizing legislation is enacted.

Purpose and Method of Operation

Title III, Part A of the Perkins Act authorizes States to provide financial assistance to joint programs of eligible recipients and community-based organizations (CBOs) within the State for the conduct of the following vocational education services and activities:

- Outreach programs to facilitate the entrance of youth into a program of transitional services and subsequent entrance into vocational education, employment, or other education and training;
- Transitional services such as attitudinal and motivational prevocational training programs;
- Prevocational educational preparation and basic skills development conducted in cooperation with business concerns;
- Special prevocational preparation programs targeted to inner-city youth, non-English speaking youth, Appalachian youth, and the youth of other urban and rural areas having a high density of poverty;
- Career intern programs;
- Assessment of students' needs in relation to vocational education and jobs; and
- Guidance and counseling to assist students with occupational choices and with the selection of a vocational education program.

Both H.R. 7 and S. 1109 would retain the current authority for community-based organizations programs.

Purpose and Method of Operation — Continued

Funds are distributed to States and Outlying Areas under the same formula as that used for Basic State Grants, except that the 1985 "hold harmless" provision does not apply. This is a forward-funded program. Fiscal year 1990 funds become available on July 1, 1990, and remain available until September 30, 1991. The level of funding is dependent upon the availability of appropriations.

Accomplishments

The State grants for this program tend to be relatively small, averaging only $156,000 in 1989. Each State uses its award to fund a handful of joint projects between CBO's and eligible recipients. Some of these projects are now in their fourth year of operation and provide a variety of services to disadvantaged youth and adults as well as handicapped individuals. Individual projects usually target a specific population, such as dropouts, substance abusers, teenage parents, or immigrants with limited skills. Services reported by projects include assessment and counselling services, vocational and prevocational training (including basic skills training, self-esteem improvement, career exploration and employability skills development), placement, and other services. Because the individual project grants are generally quite small, the projects serve only a limited number of participants, and in some instances, only supplement services funded from other sources.

In 1989, the Department initiated a study of the community-based organization program in nine states to examine how services are provided and the extent of coordination between CBO projects and other vocational education services. The preliminary findings of that study suggest that in most cases, little coordination occurs because the participants served by the CBO's generally are not served by the more mainstream vocational education delivery system. The study also found little objective project-level evaluation data to support conclusions about the effectiveness of services.

1991 Budget Proposal

As soon as new authorizing legislation is enacted, a budget request in the amount of $929,675,000 for Vocational Educaton will be submitted to Congress. Amounts requested for specific activities will be determined at that time.

Impact Data	1989	1990	1991 1/
Number of grants.................	57	57	—
Average grant....................	$156,000	$190,000	—

1/ Specific amounts for individual activities will be determined after re-authorizing legislation is enacted.

Vocational and Adult Education

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1. **Vocational education: c. Consumer and homemaking education (Carl D. Perkins Vocational Education Act, Title III, Part B)**

1991 Authorization: To be determined 1/

Budget Authority:

1990 Appropriation	1991 2/ Request	Increase or Decrease
$34,176,000	---	---

1/ The GEPA extension expires September 30, 1990. New authorizing legislation is pending.

2/ The specific amounts requested for individual activities will be determined after reauthorizing legislation is enacted.

Purpose and Method of Operation

The Consumer and Homemaking Education program supports grants to the States and Outlying Areas to supplement State and local efforts to prepare youths and adults for the occupation of homemaker.

Grants are allocated to States and Outlying Areas under the same formula used for Basic State Grants. These funds can be used for instruction in the areas of food and nutrition, consumer education, family living and parenthood education, child development and guidance, housing, home management (including resource management), and clothing and textiles. States are also encouraged to use funds to serve special-needs populations, to eliminate sex bias and stereotyping, and to provide ancillary services (including outreach) to ensure the quality and effectiveness of consumer and homemaking programs.

One-third of each State's allotment must be used in economically depressed areas or areas with high rates of unemployment. Up to 6 percent may be used for State administration.

Both H.R. 7 and S. 1109 would retain the authority for Consumer and Homemaking Education, although each would alter slightly the list of authorized activities.

This is a forward-funded program. Fiscal year 1990 funds become available on July 1, 1990, and remain available for obligation until September 30, 1991. The level of funding is dependent upon the availability of appropriations.

Vocational and Adult Education

1. Vocational education: c. Consumer and homemaking education

Accomplishments

Federal funds for consumer and homemaking education are generally used by the States to supplement State and local funds for these programs in secondary and postsecondary schools. The vast majority of funds for these programs are generated at the State and local levels -- over 20 State and local dollars are reported to match every Federal dollar.

According to the Department's High School and Beyond Study, among vocational education students, females account for 80 percent of the enrollments in consumer and homemaking courses, taking on average the equivalent of 1.2 years of courses. Females in the general education curriculum take an average of 1.4 years, while general curriculum males take less than half a year of consumer and homemaking courses. In the academic curriculum, males and females combined take less than half a year, although females account for twice the number of enrollments as males.

High School and Beyond data also show that of all secondary school students participating in occupationally specific vocational programs, only 8 percent participated in occupational home economics, and of these students, 85 percent took only one year in the discipline.

1991 Budget Proposal

As soon as new authorizing legislation is enacted, a budget request in the amount of $929,675,000 for Vocational Education will be submitted to Congress. Amounts requested for specific activities will be determined at that time.

Impact Data	1989	1990	1991 1/
Number of grants..........	57	57	---
Average grant.............	$581,018	$599,596	---

1/ Specific amounts requested for individual activities will be determined after reauthorizing legislation is enacted.

1. Vocational education: d. State councils
(Carl D. Perkins Vocational Education Act, Section 112)

1991 Authorization: To be determined 1/

Budget Authority:

1990 Appropriation	1991 2/ Request	Increase or Decrease
$7,942,000	---	---

1/ The GEPA extension expires September 30, 1990. New authorizing legislation is pending.

2/ The specific amounts requested for individual activities will be determined after reauthorizing legislation is enacted.

Purpose and Method of Operation

Under the Carl D. Perkins Vocational Education Act, States and Outlying Areas are required to establish State councils in order to receive Federal vocational education funds. The councils assist in the development and evaluation of State vocational education plans and policies.

Each Outlying Area receives $50,000. For the States, the District of Columbia, and Puerto Rico, funds are allocated to the councils under the same formula as that used for Basic State Grants, except that the 1985 "hold harmless" provision in the Basic State Grant formula does not apply. No State may receive less than $120,000 nor more than $225,000.

Each council is made up of 13 members, 7 of whom represent the private sector and 6 of whom represent secondary and postsecondary vocational education, career guidance and counseling organizations, and persons who have special knowledge of the educational needs of the handicapped, the disadvantaged, women, the limited English proficient, and minorities. Each council is required to review and comment on the State plan, analyze and report on the allocation of funds and the availability of vocational education programs in the State, complete a biennial evaluation of the State's programs, and conduct a number of other activities.

Under the provisions of H.R. 7, the State Councils on Vocational Education would be merged into a State Human Investment Council that would provide coordinated oversight of adult education, vocational education, job training, and rehabilitation programs. S. 1109 would retain the current structure of the State councils on Vocational Education with stronger private sector involvement.

Purpose and Method of Operation — Continued

This is a forward-funded program. Fiscal year 1990 funds will become available on July 1, 1990, and remain available for obligation until September 30, 1991. The level of funding is dependent upon the availability of appropriations.

Accomplishments

In independently reviewing and commenting on the State plans, the State councils provide the States with advice on improving vocational education programs and allow business-sector input into vocational education program planning. The Councils argue that the independent judgments they provide on the quality of State vocational education programs make an important contribution to educational improvement. However, while the average Federal grant for the State councils is small, few States provide additional State funds to support this activity.

1991 Budget Proposal

As soon as new authorizing legislation is enacted, a budget request in the amount of $929,675,000 for Vocational Education will be submitted to Congress. Amounts requested for specific activities will be determined at that time.

Impact Data	1989	1990	1991 1/
Number of grants.................	57	57	---
Average grant....................	$138,667	$139,383	---

1/ Specific amounts requested for individual activities will be determined after reauthorizing legislation is enacted.

Vocational and Adult Education

1. Vocational education: e. National programs: (1) Research (Carl D. Perkins Vocational Educaton Act, Title IV, Part A)

1991 Authorization: To be determined 1/

Budget Authority:

1990 2/ Appropriation	1991 3/ Request	Increase or Decrease
$6,965,000	---	---

1/ The GEPA extension expires September 30, 1990. New authorizing legislation is pending.

2/ Excludes amounts available from the permanent (Smith-Hughes) appropriation.

3/ The specific amounts requested for individual activities will be determined after reauthorizing legislation is enacted.

Purpose and Method of Operation

The Carl D. Perkins Vocational Education Act authorizes the conduct and dissemination of research that contributes to improving the access of special populations to vocational education, is readily applicable to the vocational setting, and is of practical application to vocational education administrators, counselors, and instructors.

Within Part A, at least $6,000,000 is to be made available each year for the National Center for Research in Vocational Education (NCRVE). The Center is authorized to carry out short-term and multi-year projects in applied research and development, leadership development, dissemination, development of information for planning and policy development, technical assistance, and evaluation.

Part A also required the Department to undertake a national assessment of vocational education programs carried out under the Act. This assessment addressed the services and activities provided (including services to special-needs individuals), the impact of the Act in modernizing the Nation's vocational education system, and the coordination of vocational education with employment training and economic development activities in the States.

In addition to NCRVE and the national assessment, Part A also authorizes the Department to undertake special research projects as part of a coordinated effort to improve the quality of vocational education. Under this authority, the Department supports six regional curriculum coordination centers.

Purpose and Method of Operation — Continued

Both H.R. 7 and S. 1109 would significantly change the current authority for vocational education research. H.R. 7 would authorize another National Assessment, to be conducted by the Office of Educational Research and Improvement, and would require NCRVE to study methods for enhancing basic and advanced academic skills in applied technology education programs. H.R. 7 also adds new priorities for discretionary research, including research to assist States and local schools in implementing performance standards and research on integrating academic and vocational education.

S. 1109 would also authorize a new National Assessment, with an authorization level of $3,000,000 in each of fiscal years 1991 and 1992. S. 1109 would mandate that the Office of Educational Research and Improvement administer three or more vocational education research centers, including a research center devoted to Native Americans. S. 1109 also would require a study of the Perkins Act State allocation formula.

Funds for National Programs are appropriated on a forward-funded basis. Fiscal year 1990 funds will, therefore, become available on July 1, 1990, and will remain available for obligation until September 30, 1991. The level of funding is dependent upon the availability of appropriations.

Accomplishments

Under the Research authority, the Department currently supports the National Center for Research in Vocational Education, six regional Curriculum Coordination Centers, and discretionary research projects. The National Assessment of Vocational Education, which was partially funded under this activity, was completed in early 1989. Its findings are included in the discussion of the Basic State grant program.

National Center for Research in Vocational Education (NCRVE) -- NCRVE is administered as a five-year grant award, and in 1988 the most recent five-year award was made to the University of California at Berkeley. Berkeley made sub-awards to the University of Illinois, the University of Minnesota, Virginia Polytechnic Institute and State University, Teacher's College at Columbia University, and the Rand Corporation, in order to take advantage of the special expertise each of these organizations has in specific areas of vocational education research.

NCRVE researchers are developing practical information on vocational education for use by State and local policy makers. Special areas of research include tailoring local programs to serve a changing workforce, dropout prevention, and the use of new technologies in vocational education. NCRVE also continues to study ways to serve better the special populations identified in the Perkins Act; provide inservice training for teachers and

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Accomplishments -- Continued

administrators; develop local program planning and evaluation materials; provide a clearinghouse for information about vocational education research, training, grants, and contracts; promote private sector partnerships with public schools; and develop curricula for basic academic skills and new technologies. An area of special focus for NCRVE has been the collection and analysis of data sets related to vocational education and providing technical assistance and advice to members of the research community who use these data sets.

During 1989, NCRVE published a number of papers addressing issues in vocational education, including the following:

- Exemplary Urban Career-Oriented Secondary School Programs;
- New limits to Growth: Economic Transformation and Occupational Education;
- Participation of Special Education Students in High School Vocational Education: The Influence of School Characteristics;
- Performance-Based Policy Options for Postsecondary Vocational Education and Employment Training Programs;
- Separating the Wheat from the Chaff: The Role of Vocational Education in Economic Development;
- On Becoming a Teacher: Vocational Education and the Induction Process;
- Reforming Education for Work: A Cognitive Science Perspective;
- National Data Needs for Vocational Education;
- Innovation Versus Turf: Coordination Between Vocational Education and JTPA Programs;
- Increasing Vocational Options for Students with Learning Handicaps: A Practical Guide; and
- Resources to Facilitate the Transition of Learners from School-to-Work or Postsecondary Education.

NCRVE staff have also conducted several in-service training projects at sites around the country for vocational education administrators, counsellors, supervisors and teachers.

Vocational and Adult Education

1. Vocational education: e. National programs: (1) Research

Accomplishments — Continued

Curriculum Coordination Centers (CCCs) — Since 1972, the Department of Education has provided support for the operation of a national network for curriculum coordination in vocational and technical education. This discretionary program includes six regional Curriculum Coordination Centers and a network of State liaison representatives, whose time is donated by State departments of vocational education to participate in network activities. The broad purpose of the program is to provide a mechanism for sharing information on vocational curriculum development activities, increase the transportability of curriculum materials, and enhance the quality of State and local curriculum development efforts. The centers provide a service to vocational educators, introducing efficiency by eliminating duplication in curriculum development.

A study, conducted for the Department by Advanced Technology, Inc. and Policy Studies Associates, Inc. in 1983-84, analyzed the operations, management, and impact of the network in addressing its purpose. The study found that a chief benefit of the program has been the creation of a nationwide communications network that helps spread curriculum materials and resources, as well as new instructional approaches and technologies, to vocational educators at the State and local level. The study also found that Federal investment in the program has leveraged a considerable amount of State support for the Centers and network, including State funds and resources for individual Centers and the donation of staff time for conduct of network activities.

Discretionary Research -- Funds for discretionary research activities were available in 1989 for the first time in several years. These funds will be used for a project to improve the preservice training of vocational education teachers. A contract will be awarded in March 1990 to design and develop curriculum modules that integrate basic skills concepts into preservice vocational personnel development. The modules will then be disseminated to universities and teachers' colleges to be used to improve the preparation of future vocational education teachers and counsellors.

No final decision has yet been made on the use of discretionary research funds for fiscal year 1990. Among options being considered is support for the JOBS Technical Assistance project being jointly supported by the Departments of Labor, Health and Human Services, and Education. This project will orient State and local officials to the new JOBS program authorized by the Family Support Act of 1988, and help them to coordinate education and training programs to serve JOBS participants.

1991 Budget Proposal

As soon as new authorizing legislation in enacted a budget request in the amount of $929,675,000 for Vocational Education will be submitted to Congress. Amounts requested for specific activities will be determined at that time.

Vocational and Adult Education

1. Vocational education: e. National programs: (1) Research

Impact Data 1/ ($000s)	1989	1990	1991 2/
NCRVE..........................	$5,675	$5,918	—
CCC's..........................	792	789	—
Discretionary Research.........	498	279	—

1/ Budget authority for research activities excludes amounts available under the permanent (Smith-Hughes) appropriation.

2/ Specific amounts requested for individual activities will be determined after reauthorizing legislation is enacted.

Vocational and Adult Education

1. Vocational education: e. National programs: (2) Demonstrations (Carl D. Perkins Vocational Educaton Act, Title IV, Part B)

1991 Authorization: To be determined 1/

Budget Authority:

1990 Appropriation	1991 2/ Request	Increase or Decrease
$11,096,000	---	---

1/ The GEPA extension expires September 30, 1990. New authorizing legislation is pending.

2/ The specific amounts requested for individual activities will be determined after reauthorizing legislation is enacted.

Purpose and Method of Operation

Title IV, Part B, of the Carl D. Perkins Vocational Education Act authorizes the Secretary of Education to conduct model demonstration programs in vocational education. Within this authority, model programs may be of the following types:

- Demonstration programs that improve access to vocational education for the special populations, model cooperative programs between public and private vocational education enterprises, and programs designed to overcome national skill shortages;
- Competitive grants to States to operate equipment pools involving the loan of high-technology, "state-of-the-art" equipment to eligible recipients for use in local vocational education programs;
- Grants or contracts to establish demonstration centers for the retraining of dislocated workers;
- Competitive grants to establish and operate model centers to focus greater attention on the special vocational education needs of older individuals and to promote employment opportunities for those individuals.

Section 451 of the Perkins Act requires that of the funds appropriated for Title IV, 35 percent must be allocated for demonstration programs under Part B. However, other provisions of Section 451 and annual appropriations language generally have made it impossible to follow this percentage set-aside.

While H.R. 7 would generally maintain and slightly broaden the authority for demonstrations under current law, S. 1109 would make more substantial changes. Demonstration programs that would be authorized by S. 1109 are:

Purpose and Method of Operation — Continued

- Projects for the integration of vocational and academic learning;
- Business and industry partnerships;
- Model programs of regional training for skilled trades;
- "Blue ribbon" vocational education programs;
- Materials development in telecommunications;
- Professional development;
- Educational programs for Federal correctional institutions;
- Vocational education "lighthouse" schools; and
- Career and guidance counseling programs.

Accomplishments

Fiscal year 1989 funds appropriated for cooperative demonstration projects are being used to make continuation grants for vocational education dropout demonstration projects begun in 1988 and to support new awards for high-technology partnerships in vocational education. One displaced worker retraining project was also funded using funds appropriated for that purpose.

Approximately 30 new awards were made for projects in late 1989 to demonstrate high-technology partnerships in vocational education. Final project reports for similar projects funded in 1988 are not due until late 1990. The Department plans to use approximately $500,000 from funds available for high-technology partnerships in 1989 for an evaluation of the program. The evaluation will describe the projects' activities, staffing, costs, and participants, identify promising approaches, and evaluate the impact of the projects on local schools and the business community.

Ten awards for the first year of the vocational education dropout prevention and reentry program were made in the summer of 1989, for the first eighteen months of three-year projects. Funds appropriated for 1989 for dropout demonstrations will be used for continuation awards to be made in late summer of 1990. Many of these projects are attempting to replicate Project Coffey, a dropout prevention model that has achieved success in Oxford, Massachusetts. The Department is using approximately $500,000 from funds available for this program in each year to evaluate the effectiveness of the dropout prevention and reentry techniques demonstrated through these projects so that the most successful models can be disseminated to other communities. The evaluation will use random assignment or a matched-pairs design to generate conclusions about the effectiveness of various treatments used in the dropout prevention models. The first interim report of this evaluation is due in December 1990, with the final report following in February 1991.

Vocational and Adult Education

1. Vocational education: e. National programs: (2) Demonstrations

Accomplishments — Continued

While funds earmarked by Congress for the displaced worker retraining demonstrations provide funding for one project in each year, several projects are currently underway. A project at the Roxbury Community College in Roxbury, Massachusetts, is providing English-as-a-Second Language training to limited English proficient adults who have been displaced from the garment industry. Another project undertaken by the Center for Occupational Research and Development is operated at the Lorraine County Community College in Ohio. This project offers high-technology training opportunities for unemployed auto workers and other displaced workers. Funds made available in the 1989 appropriation will fund a new project recently awarded to Joliet Junior College in Joliet, Illinois. This project will broker funds provided under the Job Training Partnership Act and provide supplemental services for dislocated workers from various industries in the area.

The fiscal year 1990 appropriation provided funds to continue the dislocated workers demonstration program and to support regional skills training centers under the cooperative demonstration authority. In response to congressional report language, some of these regional skills training centers will be devoted to the masonry trades. The remainder will address other construction trades.

1991 Budget Proposal

As soon as new authorizing legislation is enacted, a budget request in the amount of $929,675,000 for Vocational Education will be submitted to Congress. Amounts requested for specific activities will be determined at that time.

Impact Data ($000s)	1989	1990	1991 1/
High-tech projects	$9,152	---	---
Number of new projects	30	---	---
Dropout prevention projects	$4,257	---	---
Number of continuations	10	---	---
Regional skills training centers	---	$9,617	---
Number of awards	---	10	---
Average award	---	$962	---
Evaluation activities	$996	$986	---
Displaced worker retraining projects	$212	$493	---
Number of new projects	1	1	---

1/ Specific amounts requested for individual activities will be determined after reauthorizing legislation is enacted.

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1. Vocational education: e. National programs: (3) Data systems (Carl D. Perkins Vocational Educaton Act, Title IV, Part C)

1991 Authorization: To be determined 1/

Budget Authority:

1990 Appropriation	1991 2/ Request	Increase or Decrease
$4,932,000	---	---

1/ The GEPA extension expires September 30, 1990. New authorizing legislation is pending.

2/ The specific amounts requested for individual activities will be determined after reauthorizing legislation is enacted.

Purpose and Method of Operation

Title IV, Part C of the Carl D. Perkins Vocational Education Act authorizes a National Occupational Information Coordinating Committee (NOICC) and a national vocational information data reporting and accounting system. Section 451 of the Perkins Act requires that 30 percent of the funds appropriated for Title IV be allocated to data systems under Part C.

NOICC -- NOICC has been funded jointly with the Department of Labor since fiscal year 1978. The Perkins Act sets minimum annual funding from the Department of Education for NOICC at $3,500,000.

The Committee is composed of subcabinet officials of the Departments of Education, Labor, Agriculture, Commerce, and Defense. NOICC and its affiliated State Occupational Information Coordinating Committees (SOICCs) assist students, educators, and vocational education program planners in assessing current and future labor market conditions by assembling and disseminating job information. Its activities include: attempting to improve the use of employment data by vocational educators, guidance counselors, students, employment training administrators, and other users; developing and implementing an occupational information system to meet the common information needs of vocational education and employment training planners; and conducting studies on the effects of technological change on new and existing occupational areas. NOICC also provides funding to SOICCs, which operate occupational information systems in the States.

Both H.R. 7 and S. 1109 would mandate a new longitudinal occupational information demonstration program, to be conducted by NOICC.

Purpose and Method of Operation — Continued

Data on Vocational Education (DOVE) — To meet the need for information on vocational education in the United States, the Department has developed a derivative data system, called DOVE, to collect and compile selected data relevant to vocational education from other surveys and studies conducted by the Department, including the National Assessment of Educational Progress (NAEP) transcript study, the Integrated Postsecondary Education Data System (IPEDS), the National Educational Longitudinal Study of 1988 (NELS88), and the Schools and Staffing Surveys of the Elementary and Secondary Integrated Data System (ESIDS). Funds for DOVE are provided entirely from the Research and Statistics Account.

Accomplishments

NOICC -- Over the past several years, NOICC's primary objective has been to maintain basic assistance grants to States in support of their program planning and career information systems. Approximately three-quarters of NOICC's annual funding, including both the Education and Labor Department allocations, is made available to the States to support the activities of the SOICCs. The remaining funds are used for information systems development and delivery, communication and coordination activities, and administration. The SOICCs use their grants for a wide variety of activities to improve the dissemination and use of data in career counselling and employment policy planning.

The two key activities supported by NOICC through the SOICCs are Occupational Information Systems, which assemble and disseminate labor market information from State and local sources for use by State and local planners and administrators, and Career Information Development Systems (CIDS), which make available career-related information for use by individuals in making job-search and education decisions. CIDS data are generally available at institutions of higher education, employment service offices, vocational rehabilitation agencies, libraries, correctional institutions, and community-based organizations.

The Department initiated a study of NOICC and the SOICCs in 1989, that included data collection and site visits to five SOICCs. Preliminary data from this study indicate that NOICC grants to the SOICCs in program year 1987 accounted for over 60 percent of SOICC funding. However, the State match varied widely by State. Some States provide as much as 85 percent of their SOICC's support, while at least one State provided as little as 14 percent.

Accomplishments -- Continued

The study team contacted a non-representative sample of CIDS users in each of the five States that operate a CIDS, to learn their opinions of the systems. The respondents generally indicated that the data are accurate and of high quality, but that similar data are available from other sources. However, in those States studied, CIDS is the only comprehensive source of such data.

DOVE -- Funding for DOVE is provided entirely from the Education Research and Statistics account. Since the system relies primarily on "derived" data, progress depends upon the completion of other studies. However, one great advantage of this approach is that data on vocational education can be analyzed in the context of similar data on the balance of the education enterprise. The completion of some surveys in the past few years, including the NAEP transcript study and the IPEDS 1987 Survey of Fall Enrollment in Occupationally Specific Programs has made available for analysis several important data sets related to vocational education. As a result, the National Center for Education Statistics published several new reports in 1988 and 1989:

- Vocational Education: Statistical Data Plans and Programs of NCES;
- Enrollment and Age Status of Postsecondary Vocational Students Who Were High School Graduates in 1972;
- Entry and Persistence of Postsecondary Vocational Students Who Were High School Graduates in 1972;
- Enrollment, Completion, Attrition, and Vocational Course-Taking Patterns in Postsecondary Education: A Comparison of 1972 and 1980 High School Graduates Entering Two-Year Institutions; and
- The Postsecondary Vocational Education of 1980 High School Seniors: The Two-Year Associate of Arts Degree.

In response to criticism from Congress and the vocational education field about the lack of information on vocational education, the Department formed a working group on vocational education data in 1989. This group has identified three strategies for improving DOVE: 1) doing a better job of bringing existing data to bear on current policy issues by means of focused analyses and reports; 2) making on-going data surveys more relevant to vocational education by adding appropriate questions or refining questions; and 3) in areas where there is little information to build on, conducting additional surveys. As a result of the working group's efforts, some

Vocational and Adult Education

1. Vocational education: e. National programs: (3) Data systems

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Accomplishments — Continued

progress has been made, and improved data on vocational education can be anticipated. In fiscal year 1990, NCES will publish several new reports. The Condition of Education, expected in October 1990, will include some indicators of the "condition of vocational education." Vocational Education Course Taking Patterns will examine trends in secondary vocational education course taking patterns based on transcript surveys for the High School and Beyond class of 1982 and the NAEP class of 1987. An analysis of Schools and Staffing Survey data will be done in order to report on Vocational and Non-Vocational Teachers. Finally a publication is planned, the Condition of Vocational Education, which will synthesize all available data collected recently on vocational education.

1991 Budget Proposal

As soon as new authorizing legislation is enacted, a budget request in the amount of $929,675,000 for Vocational Education will be submitted to Congress. Amounts requested for specific activities will be determined at that time.

1. Vocational education: f. Bilingual vocational training
(Carl D. Perkins Vocational Education Act, Title IV, Part E)

1991 Authorization: To be determined 1/

Budget Authority:

1990 Appropriation	1991 2/ Request	Increase or Decrease
$2,959,000	---	---

1/ The GEPA extension expires September 30, 1990. New authorizing legislation is pending.

2/ The specific amounts requested for individual activities will be determined after reauthorizing legislation is enacted.

Purpose and Method of Operation

Under the Bilingual Vocational Training (BVT) program, funds are awarded to State and local educational agencies, institutions of higher education, public and private nonprofit organizations, and private for-profit organizations as follows:

- Of the total funds available, 75 percent are used for Bilingual Vocational Education at the postsecondary level to train limited English proficient persons for jobs. The training must include instruction in English.
- 15 percent of the total funds are used for the Instructor Training program to train instructors for bilingual vocational training programs.
- The remaining 10 percent of the funds are used for the development of instructional materials, methods, or techniques, and for research in bilingual vocational training.

Both H.R. 7 and S. 1109 would maintain the current authority for Bilingual Vocational Training programs.

This is a forward-funded program. Funds appropriated for fiscal year 1990 will become available July 1, 1990, and remain available until September 30, 1991. The level of funding is dependent upon the availability of appropriations.

Vocational and Adult Education

1. Vocational education: f. Bilingual vocational training

Accomplishments

The Bilingual Vocational Training program emphasizes increasing the capacities of States to serve limited English proficient students through the use of State funds. Fiscal year 1989 funds are supporting 11 training projects begun with fiscal year 1988 funds to demonstrate effective curricula and techniques for training limited English proficient adults in vocational skills and work-related language skills. These projects expect to serve approximately 800 participants in each year of the two-year project period.

In recent years, the Department has sought to improve the long-term placement rate for the participants of these projects. For the 1986-87 program year, the projects reported that 65 percent of project participants were placed in jobs related to their training, or pursued further education or training, as of 90 days after the project's completion. However, most project reports do not include in the placement rate calculation the number of project participants that drop out of the training prior to completion. Inclusion of these dropouts in the calculation would lead to somewhat lower placement rates. The Department is actively encouraging projects to pursue a more comprehensive evaluation design that would include longer-term follow-up of participants.

Bilingual vocational instructor training has, in the past, been used for pre-service training for postsecondary students. However, many of these students never went to work in bilingual vocational training programs. Discussions with bilingual vocational training directors indicate that the shortage of well-trained personnel in these programs could be addressed better through high-quality in-service training for instructors. Therefore, fiscal year 1988 and 1989 funds are being used for in-service training programs that will attempt to increase States' capacity to serve the limited English proficient adult population. Two awards were made from fiscal year 1988 funds in September 1989, and three additional awards were made from fiscal year 1989 funds in December 1989 for innovative projects that will address regional, State-wide or national needs for bilingual vocational instructor training. These projects will work with community colleges, schools that provide adult education and training, refugee programs, and other service providers to improve teacher training and curriculum materials and modify current practices to increase the capacity of the service delivery system for limited English proficient adult training.

Funds designated for development of materials, methods, and techniques, have in recent years been used for a variety of activities designed to increase States' capacity to provide bilingual vocational training services to the limited English proficient.

Vocational and Adult Education

1. Vocational education: f. Bilingual vocational training

Accomplishments -- Continued

These activities have included efforts to work with States to improve the planning and coordination of BVT programs for the limited English proficient population, and to provide technical assistance to local BVT programs to help them adopt or adapt successful features of a BVT model program to improve their own programs without direct Federal grants. Fiscal year 1989 materials and methods funds are being used to provide technical assistance to nine education and business partnerships working with large groups of limited English proficient employees to improve existing training programs. Fiscal year 1990 funds will support a project to work with the American Association of Community and Junior Colleges to provide training on a regional basis to community college administrators and teachers, in order to modify service delivery and improve services to limited English proficient adults throughout the country.

1991 Budget Proposal

As soon as new authorizing legislation is enacted, a budget request in the amount of $929,675,000 for Vocational Education will be submitted to Congress. Amounts requested for specific activities will be determined at that time.

Impact Data	1989	1990	1991 1/
Bilingual vocational education	$2,828,250	$2,219,250	---
Number of projects	11	10	---
Average award	$257,114	$221,925	---
Instructor training	$565,650	$443,850	---
Number of projects	3	3	---
Materials development	$377,100	$295,900	---
Number of projects	1	1	---

1/ Specific amounts requested for individual activities will be determined after reauthorizing legislation is enacted.

2. Adult education: a. State programs (Adult Education Act, Part B)

1991 Authorization: Indefinite 1/

Budget Authority:

1990 Appropriation	1991 Request	Increase or Decrease
$157,811,000	$200,000,000	+$42,189,000

1/ Under the Adult Education Act, the Secretary may reserve up to $3,000,000 for National programs if the overall appropriation exceeds $108,000,000. The remainder is available for State programs.

Purpose and Method of Operation

The Adult Education Act authorizes grants to the States and Outlying Areas to support programs that assist educationally disadvantaged adults in developing basic skills, including literacy, and in achieving certification of high school equivalency.

Funds are allocated on the following basis: (1) each State first receives $250,000 and each Outlying Area receives $100,000; (2) any remaining funds are distributed under a formula based on the number of persons aged 16 and over in a State who do not have high school diplomas and who are not required to be enrolled in school.

In fiscal year 1991, Federal funds may support up to 80 percent of each State's program and up to 100 percent of the programs in Outlying Areas. Each State must use at least 80 percent of its funds to help adults achieve basic skills, including literacy. No more than 20 percent may be used for high school equivalency programs. Within this framework, a State must use at least 10 percent of its funds for corrections education and education for other institutionalized individuals, must use at least 10 percent for experimental demonstrations and teacher training projects, and must give special attention to the needs of persons of limited English-speaking ability. Beginning in fiscal year 1990, a State may use no more than 5 percent or $50,000 of its grant, whichever is greater, for administration.

This is a forward-funded program. Fiscal year 1990 funds will become available on July 1, 1990, and remain available for obligation until September 30, 1991. The level of funding is dependent on the availability of appropriations.

Accomplishments

State performance reports indicate that about 3 million persons received services under the Adult Education Act basic State programs grant in 1987-88. About 65 percent of these participants received instruction in basic skills or English as a second language. The remaining 35 percent received instruction leading to high school equivalency. Of these participants, 30 percent were limited English proficient and 7 percent were institutionalized adults. According to fiscal year 1988 annual reports received from States, over 22,000 participants left the welfare roles in 1987-88, over 114,000 participants obtained jobs, and another 69,000 participants received job promotions that they attributed to their additional education. Nearly 70,000 participants obtained a high school diploma or equivalency certificate.

Over the last fifteen years, State and local, as well as private sector, support for adult education has increased dramatically. The proportion of funding attributable to non-Federal sources rose from an estimated 25 percent in 1969-70 to 76 percent in 1986-87, according to latest available State financial reports. Because the reauthorized Adult Education Act requires States to increase the match for Federal funds to 25 percent by 1992, non-Federal support for adult education is expected to increase even more rapidly.

Services are now provided not only through the public schools but through community-based organizations, community colleges, private businesses, churches, and labor unions. In recent years, business involvement has increased dramatically, as employers have begun to see tangible benefits for productivity in workplace adult education programs. Hundreds of businesses now support adult literacy activities.

Within the Department, the Division of Adult and Literacy Education serves as a focal point for Federal adult education and literacy activities and provides leadership to the adult education community. During 1989, the Division was active in several initiatives. The Department jointly sponsored, with the Department of Labor, and a variety of business, industry, and labor organizations, a conference on workplace literacy, to promote workplace literacy projects throughout the country. The Department has also participated with the Commission for the Bicentennial of the Constitution in developing a model adult education program to address the Constitution. The Department is also working closely with the Departments of Labor and Health and Human Services to support the implementation of the new JOBS program, authorized by the Family Support Act of 1988.

In spite of these efforts, adult illiteracy is still a pressing problem. Analysis by the Department of Education of data from the Census Bureau's 1982 English Language Proficiency Survey showed that:

Accomplishments — Continued

- The number of illiterate adults, aged 20 and over, is between 17 and 21 million;
- 1/3 of these adults were born abroad and nearly all of these speak a non-English language at home;
- 1/3 of these adults are age 60 and over; and
- Of the native English-speaking adults who are classified as illiterate, 70 percent are school dropouts.

While younger adults may not display profound illiteracy, they often lack higher-level skills needed to perform more technically complex work. In 1986, the National Assessment of Educational Progress (NAEP) released a report on literacy levels of 21- to 25-year olds. This report revealed that while most of this population of young adults cannot be classified as "illiterate," neither are they fully "literate" for a technologically advanced society. NAEP developed "literacy scales," representing distinct aspects of literacy, including prose literacy, document literacy, and quantitative literacy. Most young adults adequately perform tasks at the lower levels on each of the three scales, but only a small percentage can perform at levels required for more complex and challenging tasks.

1991 Budget Proposal

In response to the need for additional services described above, the request for Adult Education State programs is $200,000,000. This request represents a $42,189,000, or 27 percent, increase over the 1990 level. Increasing adult literacy and improving workforce productivity through basic skills education is one of the Administration's highest priorities for education. The Adult Education State grant is the primary vehicle for Federal assistance to the States and localities in this effort. This increase in funding would allow States to pursue more extensive literacy projects, and would demonstrate Federal commitment to this high priority effort.

Impact Data	1989	1990	1991
Number of grants	57	57	57
Average grant	$2,392,000	$2,769,000	$3,509,000
Total participants (estimated)	3,000,000	3,300,000	3,960,000
Basic (Grades 0-8) and ESL	2,100,000	2,300,000	2,760,000
Secondary (Grades 9-12)	700,000	1,000,000	1,200,000

2. Adult education: b. National programs
(Adult Education Act, Part D)

1991 Authorization: Indefinite 1/

Budget Authority:

1990 Appropriation	1991 Request	Increase or Decrease
$1,973,000	$8,000,000	+$6,027,000

1/ Under the Adult Education Act, the Secretary may reserve up to $3,000,000 for National programs if the overall appropriation exceeds $108,000,000. The remainder is available for State programs.

Purpose and Method of Operation

Amendments to the Adult Education Act, enacted through P.L. 100-297, substantially revised the authority for Adult Education National programs. The new Act authorizes activities that include:

- Grants to States and local eligible recipients for adult education programs for migrant farmworkers and immigrants;
- Grants to States and local eligible recipients for programs to train adult volunteer tutors;
- A broad program of assistance to States in evaluating the status and effectiveness of adult education programs, as well as recurring reports on the extent of adult illiteracy in the Nation;
- A program of applied research, development, dissemination, evaluation, and related activities to contribute to the improvement and expansion of adult education; and
- Research on the special needs of persons requiring adult education, including a study of the magnitude and nature of the needs of adults with learning disabilities who are eligible for participation in adult education programs.

The reauthorized Adult Education Act specifies that if at least $108,000,000 is appropriated for adult education, up to $3,000,000 may be used for National programs. This program is forward-funded. Fiscal year 1990 funds will become available July 1, 1990, and remain available until September 30, 1991. The level of funding is dependent upon the availability of appropriations.

2. Adult education: b. National programs

Accomplishments

Prior to 1988, no funds had been appropriated for many years for national-level programs to support literacy and adult education activities in the field. The appropriation of funds for this purpose beginning in 1988 allowed the Department to initiate an ambitious program of research, evaluation, and dissemination that includes the following activities:

- The National Assessment of Adult Literacy, mandated by P.L. 100-297, is using a survey methodology to produce estimates of the literacy of the adult population based on a nationally representative sample of adults. Adult Education Act funds were used to launch this new data series; beginning in 1990, funds are provided from the Research, Statistics, and Improvement of Practice account. The first data from the survey will be produced in 1993;
- Secondary analysis of existing data bases created by past studies including the NAEP Young Adult Literacy Survey, to gain greater understanding of the information available in these data bases;
- Case studies of promising adult education programs to gather information on how programs work and identify effective approaches;
- A study of adult education curriculum materials and instructional strategies;
- A mandated study of federally-supported programs that provide adult education services, funded and administered jointly with the Departments of Labor and Health and Human Services, to be completed late in 1990;
- A project to develop a resource base available to adult education teachers and administrators planning programs for migrant farmworkers;
- An Adult Basic Education (ABE)/English as a Second Language (ESL) teacher training project to review current practice in ABE and ESL instructor training, including volunteer training, and to identify and disseminate information on promising inservice and preservice training programs;
- Two field-initiated projects to develop technology that will assist adult education;
- A project, jointly supported with the Departments of Labor and Health and Human Services, to provide technical assistance to the States in administering the new JOBS program, authorized by the Family Support Act of 1988;

Accomplishments -- Continued

- A review of the Workplace Literacy program, to collect and assess data available from the projects that may yield information on effective workplace literacy approaches, to be completed in 1991;
- An Adult Education Program Effectiveness Literature review and design study, to lay the groundwork for a large scale, multi-year study of the effectiveness of programs supported under the Adult Education Act, and to provide recommendations for program improvements to inform the next reauthorization; and
- A multi-year study of a nationally representative sample of adult education programs, that will investigate seasonal and geographic patterns of participation, client characteristics, causes of client attrition, learning gains, and costs and outcomes, to be completed in 1992.

1991 Budget Proposal

For 1991, $8,000,000 is requested for Adult Education National programs. Of this amount $3,000,000 would be used to continue the ambitious research, development, and evaluation agenda already underway. This agenda will substantially increase and improve the data available on adult education in order to support policy analysis for the Adult Education Act reauthorization in 1993, provide technical assistance to adult education practitioners, and support Federal policy development. Approximately $2,000,000 of this amount is needed to continue funding for the National Study of Adult Education Programs, if results are to be made available in time for the next reauthorization. The Department will also use these funds to continue support for the JOBS Technical Assistance project, and to begin a study of the Literacy Training for Homeless Adults program.

The remaining $5,000,000 will be used to initiate a National Adult Education Clearinghouse, authorized by section 384 of the Adult Education Act. This project will go beyond the traditional activities of collecting and disseminating information to provide leadership and direct support for an integrated program of research and development, identification and dissemination of best practices in adult education and to provide technical assistance to the adult education field. This project will provide a comprehensive resource center for information which can be used by Federal, State and local agencies, national organizations, policymakers, researchers and practitioners to establish, improve or expand adult literacy programs. The center will be administered within the Office of Educational Research and Improvement (OERI) and will be guided by an advisory group of literacy experts. A national center of this type will provide, for the first time, a focal point for research and information on adult education and literacy programs, and represents a major new Federal commitment to directly address literacy education.

2. Adult education: c. Literacy training for homeless adults
(Stewart B. McKinney Homeless Assistance Act, Title VII, Subtitle A)

1991 Authorization: $10,000,000 1/

Budget Authority:

1990 Appropriation	1991 Request	Increase or Decrease
$7,397,000	$10,000,000	+$2,603,000

1/ The GEPA extension expires September 30, 1991.

Purpose and Method of Operation

Section 702 of the McKinney Homeless Assistance Act authorizes grants to States to develop and implement programs of literacy training and basic skills remediation for homeless adults. Beginning in 1989, funds have been allocated as discretionary grants to States and Outlying Areas, on the basis of State applications. States may carry out program activities either directly or through grants or contracts with local recipients. In order to take part in the program, States are required to file an application with the Department.

This is a forward-funded program. Fiscal year 1990 funds will become available July 1, 1990, and remain available until September 30, 1991. The level of funding is dependent upon the availability of appropriations.

Accomplishments

Funds for this program were appropriated for the first time in the 1987 Supplemental Appropriations Act and were awarded in July 1988. Fiscal year 1988 funds were awarded soon after, and the fiscal year 1989 funds were awarded on a discretionary basis in November 1989. States have only recently completed the first year of operating this program and final reports have not yet been submitted. States are using their grants primarily to contract with LEAs and shelter operators to provide literacy training in the shelters. Most States are awarding funds to a few projects in municipalities with high concentrations of homeless.

2. Adult education: c. Literacy for homeless adults

1991 Budget Proposal

For fiscal year 1991, $10,000,000 is requested for Literacy Training for Homeless Adults. This would provide full funding for this program which serves an exceptionally disadvantaged population who may otherwise not be served by regular adult education programs. This program also helps to draw State and local attention and resources to the problems of the homeless.

Impact Data	1989	1990	1991
Number of awards	30	30	30
Average grant...............	$236,467	$246,567	$333,333

2. Adult education: d. Workplace literacy partnerships (Adult Education Act, Part C, Section 371)

1991 Authorization: Indefinite

Budget Authority:

1990 Appropriation	1991 Request	Increase or Decrease
$19,726,000	$19,726,000	---

Purpose and Method of Operation

This program provides discretionary grants for demonstrations to provide literacy training to meet workplace needs. These demonstration projects must be designed and operated by partnerships between business, industry, labor organizations, or private industry councils and SEAs, LEAs, IHEs, or schools. Employment and training agencies and community-based organizations are also eligible for grants. Services provided may include: adult secondary education; literacy training for limited English proficient adults; updating basic skills to meet the changing needs of the workplace; improving the competency of adult workers in speaking, listening, reading, and problem-solving; and educational counseling, transportation, and child-care services. Grant recipients are required to provide 30 percent of program costs.

This is a forward-funded program. Funds for fiscal year 1990 become available July 1, 1990, and remain available until September 30, 1991. The level of funding is dependent upon the availability of appropriations.

Accomplishments

Funds for this program first became available in December 1987 on a current-year basis for fiscal year 1988. The first awards were made in September 1988 for projects in 26 States and the District of Columbia. As these initial projects are just now finishing, final reports are not yet available. Approximately 43 new awards will be made in March 1990 from funds appropriated in 1989. Workplace literacy projects are generally of two types. Some projects provide basic skills training for workers who must master new technology in order to retain their jobs. Other projects provide English-as-a-second-language training for limited English proficient workers.

The Department has been active in providing leadership and promoting workplace literacy models as an avenue for the business community to become involved in the literacy movement. In November 1989, the Department jointly sponsored, with the Department of Labor and several business, industry, and labor organizations, a conference to promote workplace literacy programs.

Vocational and Adult Education

2. Adult education: d. Workplace literacy partnerships

1991 Budget Proposal

For fiscal year 1991, $19,727,000 is requested for workplace literacy partnerships. This will provide level funding for this activity, which supports literacy efforts by the business community. This program has generated tremendous interest in the field; over 300 applications were received for funding under the initial competition. The program complements the activities supported under the Adult Education State Grant program.

Impact Data	1989	1990	1991
Number of grants...........	43	70	70
Average award..............	$275,721	$281,800	$281,800

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2. Adult education: e. English literacy grants (Adult Education Act, Part C, Section 372)

1991 Authorization: $29,000,000

Budget Authority:

1990 Appropriation	1991 Request	Increase or Decrease
$5,888,000	$1,000,000	-$4,888,000

Purpose and Method of Operation

Section 372 of the Adult Education Act authorizes grants to States to establish, operate, and improve English literacy programs for individuals of limited English proficiency. Funds may be used to provide services to program participants, including child care and transportation. Each State must use at least 50 percent of its grant to fund programs operated by community-based organizations with demonstrated capability to administer English proficiency programs.

Since the authorizing statute does not specify a formula for the distribution of these funds to the States, the Department published regulations that include such a formula. Funds are allocated to States according to the relative numbers of individuals 18 or older who are limited English proficient, except that no State may receive less than $25,000. Puerto Rico receives $25,000, and each Outlying Area except the Republic of Palau receives $10,000. The Republic of Palau receives a portion of $10,000 proportionate to its share of the total population aged 18 or older of the Trust Territory as formerly constituted.

The Secretary is authorized to use up to 10 percent of funds available for this program to carry out a national demonstration program consisting of: (1) the development of innovative approaches and methods of literacy education for individuals of limited English proficiency utilizing new instructional methods and technologies, and (2) a national clearinghouse on literacy education for the limited English proficient to collect and disseminate information concerning effective approaches and methods.

This is a forward-funded program. Funds appropriated for fiscal year 1990 will become available July 1, 1990, and remain available until September 30, 1991. The level of funding is dependent upon the availability of appropriations.

Accomplishments

Funds for this program were first appropriated for fiscal year 1989, and became available on July 1, 1989. Initial grants to States were made in the fall of 1989. To fulfill the mandate for a clearinghouse, an award was made

Vocational and Adult Education

2. Adult education: e. English literacy grants

Accomplishments — Continued

for an adjunct ERIC Clearinghouse on Literacy Education for the Limited English Proficient. As specified in the authorizing legislation, the clearinghouse is being operated by the Center for Applied Linguistics, in Washington, D.C. Remaining funds for the national demonstration program are being used for a project to develop a handbook of effective practices in literacy education for limited English proficient adults.

1991 Budget Proposal

For fiscal year 1991, $1,000,000 is requested for English Literacy grants, all of which would be used for national demonstration activities authorized under section 372(d) of the Adult Education Act. No funds are requested for the English literacy State grant program. Limited English proficient adults who are in need of literacy services can be served through the basic Adult Education State grant program. English-as-a-Second Language programs are the fastest growing sector of services provided under the State grant program, and comprise approximately one-third of all activities under that program. There is no need for a second formula grant for services to this population. The Department can better assist this population by sponsoring carefully designed and evaluated demonstrations that determine the most effective approaches under varying conditions. The clearinghouse on literacy education for the limited English proficient would be continued under this request.

Impact Data	1989	1990	1991
Total for State grants......	$4,446,000	$5,299,200	---
Number of State grants......	57	57	---
Average award...............	$78,000	$92,984	---
Total for Demonstrations....	$494,000	$588,900	$1,000,000
Number of Demonstrations....	---	---	5
Average award...............	---	---	$150,000
Amount for clearinghouse....	$250,000	$250,000	$250,000
Amount for other national activities................	$244,000	$338,900	---

3. Technology education demonstrations
(Omnibus Trade and Competitiveness Act of 1988, Title VI, Subtitle B, Chapter 2, Section 6112)

1991 Authorization: Indefinite

Budget Authority:

1990 Appropriation	1991 Request	Increase or Decrease
$988,000	$988,000	---

Purpose and Method of Operation

This program provides grants to LEAs, SEAs, consortia of public and private agencies, organizations and institutions, and IHEs, for not more than ten demonstration programs in technology education for secondary schools, vocational education centers, and community colleges.

Projects are to address as many of the following components as possible:

- Educational course content based on an organized set of concepts, processes, and systems that is uniquely technological and relevant to the changing needs of the workplace, and fundamental knowledge about the development of technology and its effect on people, the environment, and culture;

- Instructional content drawn from the fields of communication, construction, manufacturing, or transportation;

- Assisting students in developing insight, understanding, and application of technological concepts, processes, and systems;

- Educating students in the safe and efficient use of tools, materials, machines, processes, and technical concepts;

- Developing student skills, creative abilities, confidence, and individual potential in using technology;

- Preparing students for lifelong learning in a technological society;

- Activity-oriented laboratory instruction that reinforces abstract concepts with concrete experiences;

- An institute for developing teacher capability in the area of technology education;

Purpose and Method of Operation — Continued

- Research and development of curriculum materials for use in technology education programs;
- Multidisciplinary teacher workshops for the "interfacing" of mathematics, science, and technology education;
- Employment of a curriculum specialist to provide technical assistance for the program;
- Stressing basic remedial skills in conjunction with training and automation literacy, robotics, computer-aided design, and other areas of computer-integrated manufacturing technology;
- A combined emphasis on "know-how" and "ability-to-do" in carrying out technological work.

Federal assistance may not exceed 65 percent of a project's costs. At least 10 percent of these costs must be provided by the private sector.

Funds for this program were appropriated in fiscal year 1990 in the School Improvement Programs account on a current-funded basis, and will remain available until September 30, 1990. Fiscal year 1991 funds are requested on a forward-funded basis, to become available July 1, 1991, and remain available until September 30, 1992.

Accomplishments

Since funds for this program were appropriated for the first time in November 1990, awards have not yet been made. The Department plans to make awards as quickly as possible.

1991 Budget Proposal

For fiscal year 1991, $988,000 is requested for Technology Education Demonstrations. This will provide level funding for this new program while the Department begins to assess its impact.

Impact Data	1990	1991
Number of awards	4	4
Average award	$247,000	$247,000

Vocational and Adult Programs

Vocational Education Basic State Grants 1/

State or Outlying Area	1989 Appro. for 1990	1990 Appro. for 1991	1991 Request 2/ for 1992
TOTAL	$825,600,408	$844,429,254	---
Alabama	$16,374,545	$16,805,524	---
Alaska	4,120,963	4,214,921	---
Arizona	11,335,242	11,974,366	---
Arkansas	9,282,565	9,520,276	---
California	72,293,202	75,372,238	---
Colorado	10,125,366	10,419,221	---
Connecticut	8,224,182	8,238,871	---
Delaware	4,120,963	4,214,921	---
Florida	34,735,425	35,985,027	---
Georgia	23,015,885	23,720,317	---
Hawaii	4,120,963	4,214,921	---
Idaho	4,120,963	4,214,921	---
Illinois	34,725,886	35,251,469	---
Indiana	20,169,197	20,532,556	---
Iowa	9,671,340	9,871,291	---
Kansas	7,670,245	7,979,754	---
Kentucky	14,936,901	15,251,883	---
Louisiana	17,762,253	17,781,148	---
Maine	4,377,753	4,418,343	---
Maryland	13,039,370	13,039,370	---
Massachusetts	17,323,922	17,323,922	---
Michigan	31,283,487	31,283,487	---
Minnesota	13,437,730	13,474,062	---
Mississippi	10,897,710	11,085,181	---
Missouri	16,877,397	17,273,774	---
Montana	4,120,963	4,214,921	---
Nebraska	5,305,061	5,552,099	---
Nevada	4,120,963	4,214,921	---
New Hampshire	4,120,963	4,214,921	---
New Jersey	19,676,831	19,824,553	---
New Mexico	5,912,649	6,017,470	---
New York	51,361,536	51,361,536	---
North Carolina	24,798,803	25,258,391	---
North Dakota	4,120,963	4,214,921	---
Ohio	36,841,219	37,774,499	---

Vocational and Adult Education

Vocational Education Basic State Grants 1/

State or Outlying Area	1989 Appro. for 1990	1990 Appro. for 1991	1991 Request 2/ for 1992
TOTAL	$825,600,408	$844,429,254	---
Oklahoma	$12,045,425	$12,360,692	---
Oregon	8,989,546	9,341,701	---
Pennsylvania	38,550,487	38,818,297	---
Rhode Island	4,120,963	4,214,921	---
South Carolina	14,080,252	14,544,336	---
South Dakota	4,120,963	4,214,921	---
Tennessee	18,726,466	19,045,322	---
Texas	58,864,948	61,763,200	---
Utah	6,635,349	6,961,196	---
Vermont	4,120,963	4,214,921	---
Virginia	18,602,654	18,927,419	---
Washington	13,990,066	14,514,885	---
West Virginia	7,480,275	7,573,163	---
Wisconsin	16,348,997	16,557,556	---
Wyoming	4,120,963	4,214,921	---
District of Columbia	4,120,963	4,214,921	---
Puerto Rico	14,849,872	15,391,910	---
American Samoa	191,167	191,167	---
Guam	519,638	538,841	---
Northern Marianas	191,167	191,167	---
Virgin Islands	440,636	456,160	---
Palau	65,242	67,641	---

1/ Under the amended Carl D. Perkins Vocational Education Act, State Allocations for Titles II and III are made by using the estimated State products of: (1) the State allotment ratios, based on inverse per capita income, with limits of 0.60 and 0.40; and (2) the States' population ages 15-19, 20-24, and 25-65. No State may receive less than its allocation for fiscal year 1985. If additional funds are available, no State, the District of Columbia or Puerto Rico may receive less than 0.5 percent of the total amount available, but no State may receive more than 150 percent of its previous year's allocation as a result of this provision. State totals are then divided into Basic Grant (Title II), Community-Based Organizations (Title III), and Consumer and Homemaking (Title III) allocations. No Outlying Area may receive less than $200,000 for the combination of all programs.

2/ Amounts for Vocational Education in 1991 are proposed for later transmittal under pending legislation. After reauthorizing legislation is enacted, amounts for individual activities will be specified.

Vocational and Adult Programs

Vocational Education Community-Based Organizations 1/

State or Outlying Area	1989 Appro. for 1990	1990 Appro. for 1991	1991 Request 2/ for 1992
TOTAL	$8,892,000	$10,850,000	---
Alabama	$178,008	$217,554	---
Alaska	44,391	54,164	---
Arizona	123,226	155,013	---
Arkansas	100,911	123,243	---
California	785,902	975,722	---
Colorado	110,073	134,881	---
Connecticut	89,290	106,655	---
Delaware	44,391	54,164	---
Florida	377,610	465,839	---
Georgia	250,207	307,068	---
Hawaii	44,391	54,164	---
Idaho	44,391	54,164	---
Illinois	377,506	456,343	---
Indiana	219,260	265,802	---
Iowa	104,959	127,788	---
Kansas	83,384	103,301	---
Kentucky	162,380	197,441	---
Louisiana	193,094	230,184	---
Maine	47,591	57,197	---
Maryland	136,271	162,624	---
Massachusetts	164,422	197,505	---
Michigan	335,553	404,386	---
Minnesota	142,371	174,427	---
Mississippi	118,469	143,502	---
Missouri	182,553	223,615	---
Montana	44,391	54,164	---
Nebraska	57,672	71,874	---
Nevada	44,391	54,164	---
New Hampshire	44,391	54,164	---
New Jersey	213,908	256,636	---
New Mexico	64,277	77,898	---
New York	524,069	623,736	---
North Carolina	269,589	326,979	---
North Dakota	44,391	54,164	---
Ohio	400,502	489,005	---

Vocational and Adult Education

Vocational Education Community-Based Organizations [1]

State or Outlying Area	1989 Appro. for 1990	1990 Appro. for 1991	1991 Request [2] for 1992
TOTAL	$8,892,000	$10,850,000	---
Oklahoma	$130,946	$160,014	---
Oregon	97,726	120,932	---
Pennsylvania	417,228	502,517	---
Rhode Island	44,391	54,164	---
South Carolina	153,067	188,282	---
South Dakota	44,391	54,164	---
Tennessee	203,576	246,549	---
Texas	639,923	799,547	---
Utah	72,133	90,115	---
Vermont	44,391	54,164	---
Virginia	202,230	245,022	---
Washington	152,087	187,901	---
West Virginia	81,318	98,037	---
Wisconsin	176,315	214,344	---
Wyoming	44,391	54,164	---
District of Columbia	44,391	54,164	---
Puerto Rico	161,434	199,254	---
American Samoa	1,823	2,252	---
Guam	5,679	7,017	---
Northern Marianas	846	1,045	---
Virgin Islands	4,816	5,941	---
Palau	713	881	---

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[1] Under the Carl D. Perkins Vocational Education Act, State allocations for Titles II and III are made by using the estimated State products of: (1) the State allotment ratios, based on inverse per capita income, with limits of 0.60 and 0.40; and (2) the States' population ages 15-19, 20-24, and 25-65. If additional funds are available, no State, the District of Columbia, or Puerto Rico may receive less than 0.5 percent of the total amount available, but no State or Outlying Area may receive more than 150 percent of its previous year's allocation as a result of this provision. State totals are then divided into Basic Grant (Title II), Community-Based Organizations (Title III), and Consumer and Homemaking (Title III) allocations. No Outlying Area may receive less than $200,000 for the combination of all programs. The portion of each State's grant that is allocated for Community-based Organizations is the same as the percentage of the total for Community-based Organizations is of the total funds available to the States.

[2] Amounts for Vocational Education in 1991 are proposed for later transmittal under pending legislation. After reauthorizing legislation is enacted, amounts for individual activities will be specified.

Vocational and Adult Programs

Vocational Education Consumer and Homemaking Education 1/

State or Outlying Area	1989 Appro. for 1990	1990 Appro. for 1991	1991 Request 2/ for 1992
TOTAL	$33,118,000	$34,176,000	---
Alabama	$643,814	$673,498	---
Alaska	106,900	160,350	---
Arizona	445,222	479,885	---
Arkansas	364,598	381,535	---
California	2,839,512	3,020,619	---
Colorado	397,701	417,561	---
Connecticut	341,284	341,284	---
Delaware	165,296	170,576	---
Florida	1,364,328	1,442,136	---
Georgia	904,011	950,616	---
Hawaii	165,296	170,576	---
Idaho	165,296	170,576	---
Illinois	1,396,269	1,412,738	---
Indiana	815,019	822,863	---
Iowa	393,435	395,602	---
Kansas	301,270	319,797	---
Kentucky	600,057	611,235	---
Louisiana	697,661	712,598	---
Maine	182,533	182,533	---
Maryland	542,940	542,940	---
Massachusetts	747,197	747,197	---
Michigan	1,275,142	1,275,142	---
Minnesota	563,529	563,529	---
Mississippi	428,037	444,250	---
Missouri	714,768	714,768	---
Montana	165,296	170,576	---
Nebraska	216,830	222,506	---
Nevada	165,296	170,576	---
New Hampshire	165,296	170,576	---
New Jersey	823,796	823,796	---
New Mexico	232,235	241,156	---
New York	2,129,936	2,129,935	---
North Carolina	980,668	1,012,256	---
North Dakota	165,296	170,576	---
Ohio	1,496,734	1,513,851	---

Vocational and Adult Education

Vocational Education Consumer and Homemaking Education 1/

State or Outlying Area	1989 Appro. for 1990	1990 Appro. for 1991	1991 Request 2/ for 1992
TOTAL	$33,118,000	$34,176,000	---
Oklahoma	$473,117	$495,367	---
Oregon	353,089	374,378	---
Pennsylvania	1,592,370	1,592,370	---
Rhode Island	165,296	170,576	---
South Carolina	553,040	582,879	---
South Dakota	165,296	170,576	---
Tennessee	744,218	763,261	---
Texas	2,312,080	2,475,223	---
Utah	260,621	278,977	---
Vermont	165,296	170,576	---
Virginia	768,080	768,080	---
Washington	549,498	581,699	---
West Virginia	300,550	303,502	---
Wisconsin	679,476	679,476	---
Wyoming	126,140	170,576	---
District of Columbia	165,296	170,576	---
Puerto Rico	583,269	616,846	---
American Samoa	8,833	8,833	---
Guam	20,828	21,900	---
Northern Marianas	8,833	8,833	---
Virgin Islands	17,661	18,539	---
Palau	2,615	2,749	---

1/ Under the Carl D. Perkins Vocational Education Act, State allocations for Titles II and III are made by using the estimated State products of: (1) the State allotment ratios, based on the inverse per capita income, with limits of 0.60 and 0.40; and (2) the States' population ages 15-19, 20-24, and 25-65. No State may receive less than its allocation for fiscal year 1985. If additional funds are available, no State, the District of Columbia, or Puerto Rico may receive less than 0.5 percent of the total amount available, but no State may receive more than 150 percent of its previous year's allocation as a result of this provision. State totals are then divided into Basic Grant (Title II), Community-Based Organizations (Title III), and Consumer and Homemaking (Title III) allocations. No Outlying Area may receive less than $200,000 for the combination of all programs. The portion of each State's grant that is allocated for Consumer and Homemaking Education is the same as the percentage that total funds for Consumer and Homemaking Education are of the total funds available to the States.

2/ Amounts for Vocational Education in 1991 are proposed for later transmittal under pending legislation. After reauthorizing legislation is enacted, amounts for individual activities will be specified.

Vocational and Adult Programs

Vocational Education State Councils[1]

State or Outlying Area	1989 Appro. for 1990	1990 Appro. for 1991	1991 Request [2] for 1992
TOTAL	$7,904,000	$7,942,000	---
Alabama	$149,622	$152,501	---
Alaska	120,000	120,000	---
Arizona	120,000	120,000	---
Arkansas	120,000	120,000	---
California	225,000	225,000	---
Colorado	120,000	120,000	---
Connecticut	120,000	120,000	---
Delaware	120,000	120,000	---
Florida	225,000	225,000	---
Georgia	206,209	212,446	---
Hawaii	120,000	120,000	---
Idaho	120,000	120,000	---
Illinois	225,000	225,000	---
Indiana	180,704	183,895	---
Iowa	120,000	120,000	---
Kansas	120,000	120,000	---
Kentucky	138,862	140,328	---
Louisiana	160,007	160,144	---
Maine	120,000	120,000	---
Maryland	120,887	120,000	---
Massachusetts	140,267	140,364	---
Michigan	225,000	225,000	---
Minnesota	125,087	126,397	---
Mississippi	120,000	120,000	---
Missouri	152,750	156,168	---
Montana	120,000	120,000	---
Nebraska	120,000	120,000	---
Nevada	120,000	120,000	---
New Hampshire	120,000	120,000	---
New Jersey	176,291	177,552	---
New Mexico	120,000	120,000	---
New York	225,000	225,000	---
North Carolina	222,182	225,000	---
North Dakota	120,000	120,000	---
Ohio	225,000	225,000	---

Vocational and Adult Education

Vocational Education State Councils[1]

State or Outlying Area	1989 Appro. for 1990	1990 Appro. for 1991	1991 Request [2] for 1992
TOTAL	$7,904,000	$7,942,000	---
Oklahoma	$120,000	$120,000	---
Oregon	120,000	120,000	---
Pennsylvania	225,000	225,000	---
Rhode Island	120,000	120,000	---
South Carolina	132,451	134,784	---
South Dakota	120,000	120,000	---
Tennessee	167,777	170,574	---
Texas	225,000	225,000	---
Utah	120,000	120,000	---
Vermont	120,000	120,000	---
Virginia	166,666	169,516	---
Washington	131,775	134,552	---
West Virginia	120,000	120,000	---
Wisconsin	148,456	150,557	---
Wyoming	120,000	120,000	---
District of Columbia	120,000	120,000	---
Puerto Rico	138,216	141,431	---
American Samoa	50,000	50,000	---
Guam	50,000	50,000	---
Northern Marianas	50,000	50,000	---
Virgin Islands	50,000	50,000	---
Palau	5,791	5,791	---

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[1] Under the amended Carl D. Perkins Vocational Education Act, $50,000 each is alloted to the 5 Outlying Areas. Then, funds are allocated to States by using the estimated State products of: (1) the State allotment ratios, based on inverse per capita income, with limits of 0.60 and 0.40; and (2) the State's population ages 15-19, 20-24, and 25-65, except that no State may be allotted less than $120,000 nor more than $225,000.

[2] Amounts for Vocational Education in 1991 are proposed for later transmittal under pending legislation. After reauthorizing legislation is enacted, amounts for individual activities will be specified.

Vocational and Adult Programs

Adult Education State Programs 1/

State or Outlying Area	1989 Appro. for 1990	1990 Appro. for 1991	1991 Request for 1992
TOTAL	$136,344,000	$157,811,000	$200,000,000
Alabama	$2,777,200	$3,218,503	$4,085,794
Alaska	378,254	400,650	444,664
Arizona	1,487,000	1,703,007	2,127,523
Arkansas	1,782,389	2,049,976	2,575,865
California	11,000,520	12,877,789	16,567,178
Colorado	1,343,410	1,534,343	1,909,582
Connecticut	1,772,830	2,038,748	2,561,357
Delaware	547,394	599,326	701,386
Florida	5,631,175	6,570,843	8,417,568
Georgia	3,793,874	4,412,710	5,628,905
Hawaii	649,861	719,685	856,910
Idaho	648,262	717,807	854,483
Illinois	6,290,950	7,345,828	9,418,976
Indiana	3,134,597	3,638,309	4,628,252
Iowa	1,588,770	1,822,548	2,281,990
Kansas	1,288,997	1,470,428	1,826,993
Kentucky	2,787,184	3,230,231	4,100,948
Louisiana	2,838,563	3,290,581	4,178,930
Maine	814,526	913,104	1,106,839
Maryland	2,458,881	2,844,599	3,602,648
Massachusetts	2,877,406	3,336,207	4,237,886
Michigan	4,911,377	5,725,352	7,325,055
Minnesota	2,025,941	2,336,058	2,945,530
Mississippi	1,902,422	2,190,969	2,758,051
Missouri	3,056,131	3,546,141	4,509,156
Montana	584,191	642,548	757,236
Nebraska	924,073	1,041,781	1,273,111
Nevada	591,838	651,530	768,843
New Hampshire	666,701	739,466	882,471
New Jersey	4,118,745	4,794,310	6,121,995
New Mexico	886,496	997,642	1,216,076
New York	9,719,848	11,373,485	14,623,370
North Carolina	4,219,967	4,913,208	6,275,631
North Dakota	574,554	631,228	742,609
Ohio	5,869,689	6,851,006	8,779,584

Vocational and Adult Education

Adult Education State Programs 1/

State or Outlying Area	1989 Appro. for 1990	1990 Appro. for 1991	1991 Request for 1992
TOTAL	$136,344,000	$157,811,000	$200,000,000
Oklahoma	$1,872,419	$2,155,728	$2,712,514
Oregon	1,354,129	1,546,933	1,925,850
Pennsylvania	6,784,560	7,925,633	10,168,179
Rhode Island	821,483	921,276	1,117,399
South Carolina	2,351,279	2,718,208	3,439,330
South Dakota	590,201	649,607	766,359
Tennessee	3,292,472	3,823,752	4,867,875
Texas	8,437,184	9,866,841	12,676,539
Utah	722,932	805,516	967,818
Vermont	484,168	525,059	605,421
Virginia	3,394,170	3,943,209	5,022,233
Washington	1,880,466	2,165,179	2,724,727
West Virginia	1,532,256	1,756,166	2,196,213
Wisconsin	2,513,690	2,908,978	3,685,837
Wyoming	425,432	456,066	516,271
District of Columbia	604,801	666,757	788,518
Puerto Rico	2,775,034	3,215,958	4,082,506
American Samoa	121,507	125,262	132,643
Guam	149,021	157,582	174,405
Northern Marianas Island	111,047	112,976	116,768
Virgin Islands	163,659	174,776	196,623
Palau	18,074	19,592	22,577

1/ Under the Adult Education Act, distribution is based on initial allocation of $250,000 to each State and $100,000 to each Outlying Area, with the remainder distributed to the States on the basis of population age 16 and over with less than a high school diploma.

Vocational and Adult Education

English Literacy Grants 1/

State or Outlying Area	1989 Appro. for 1990	1990 Appro. for 1991	1991 Request for 1992
TOTAL	$4,446,000	$5,299,200	---
Alabama	$25,000	$25,000	---
Alaska	25,000	25,000	---
Arizona	72,575	89,420	---
Arkansas	25,000	25,000	---
California	953,185	1,174,413	---
Colorado	37,029	45,624	---
Connecticut	69,350	85,446	---
Delaware	25,000	25,000	---
Florida	242,475	298,752	---
Georgia	25,000	25,000	---
Hawaii	48,891	60,238	---
Idaho	25,000	25,000	---
Illinois	220,999	272,291	---
Indiana	27,725	34,160	---
Iowa	25,000	25,000	---
Kansas	25,000	25,000	---
Kentucky	25,000	25,000	---
Louisiana	57,570	70,932	---
Maine	25,000	25,000	---
Maryland	34,218	42,160	---
Massachusetts	114,296	140,824	---
Michigan	81,395	100,286	---
Minnesota	25,000	29,935	---
Mississippi	25,000	25,000	---
Missouri	25,000	25,000	---
Montana	25,000	25,000	---
Nebraska	25,000	25,000	---
Nevada	25,000	25,000	---
New Hampshire	25,000	25,000	---
New Jersey	204,657	252,156	---
New Mexico	59,888	73,788	---
New York	623,315	767,982	---
North Carolina	25,000	25,000	---
North Dakota	25,000	25,000	---
Ohio	74,563	91,869	---

Vocational and Adult Education

English Literacy Grants 1/

State or Outlying Area	1989 Appro. for 1990	1990 Appro. for 1991	1991 Request for 1992
TOTAL	$4,446,000	$5,299,200	---
Oklahoma	$25,000	$25,000	---
Oregon	25,000	25,000	---
Pennsylvania	113,107	139,358	---
Rhode Island	25,602	31,544	---
South Carolina	25,000	25,000	---
South Dakota	25,000	25,000	---
Tennessee	25,000	25,000	---
Texas	493,774	608,376	---
Utah	25,000	25,000	---
Vermont	25,000	25,000	---
Virginia	28,677	35,333	---
Washington	39,270	48,385	---
West Virginia	25,000	25,000	---
Wisconsin	32,269	39,758	---
Wyoming	25,000	25,000	---
District of Columbia	25,000	25,000	---
Puerto Rico	25,000	25,000	---
American Samoa	10,000	10,000	---
Guam	10,000	10,000	---
Northern Marianas Islands	10,000	10,000	---
Virgin Islands	10,000	10,000	---
Palau	1,170	1,170	---

1/ Under the English literacy State grant program funds are distributed to the 50 States and the District of Columbia based on the relative numbers of persons 18 years of age and older who are limited English proficient, except that no State receives less than $25,000. Puerto Rico is allocated $25,000; Guam, American Samoa, the Northern Mariana Islands, and the Virgin Islands each receive $10,000. The Trust Territory of the Pacific Islands (Republic of Palau) receives an amount that bears the same ratio to $10,000 that the population of Palau ages 18 and over bears to the total population ages 18 and over of the Trust Territory of the Pacific Islands as formerly constructed.

TUESDAY, FEBRUARY 27, 1990.

HOWARD UNIVERSITY

WITNESSES

CARLTON P. ALEXIS, INTERIM PRESIDENT

MELVIN W. JONES, VICE PRESIDENT FOR BUSINESS AND FISCAL AFFAIRS

SALLY H. CHRISTENSEN, DIRECTOR, BUDGET SERVICE, OFFICE OF PLANNING, BUDGET AND EVALUATION

ROBERT H. DAVIDSON, DIRECTOR, POSTSECONDARY ANALYSIS DIVISION, OFFICE OF PLANNING, BUDGET AND EVALUATION

DR. FRANKLYN G. JENIFER, PRESIDENT-ELECT

DR. RUSSELL L. MILLER, VICE PRESIDENT OF HEALTH AFFAIRS

Mr. NATCHER. At this time we take up the fiscal year 1991 budget request for Howard University. We have before the committee at this time Dr. Carlton Alexis.

Dr. Alexis, it is always a pleasure to have you before our committee. Before we take up your statement, tell us who you have with you at the table.

Dr. ALEXIS. Thank you, Mr. Chairman.

To my extreme left, I would like to introduce to the committee Dr. Franklyn Jenifer, who will assume the presidency of Howard on the first of April. He comes to us, incidentally, from Massachusetts.

That has no significance. Next to him is Dr. Russell Miller, the Vice President for Health Care, to my left, Melvin Jones, Vice President for Business and Fiscal Affairs. I think you know the two people from the Department, Mr. Davidson and Ms. Christensen.

Mr. NATCHER. Yes. We want to thank you for your introduction of the people at the table. Dr. Jenifer, it is a pleasure to have you here as President of the Howard University. There are no two finer Members in the House than my friends, Silvio Conte and Joe Early.

You will find that being from Massachusetts won't hurt you a bit. We are glad to have you.

Mr. JENIFER. Thank you very much. I am pleased to be here.

Mr. NATCHER. Dr. Alexis, we will be pleased to hear from you at this time.

Dr. ALEXIS. Thank you, Mr. Chairman. I have a brief statement I would like to read.

Mr. NATCHER. Go right ahead.

OPENING STATEMENT

Dr. ALEXIS. Mr. Chairman and Members of the Committee, on behalf of the Howard University community and the Administration, I am pleased to appear before you to present the Federal appropriation request for Howard University for fiscal year 1991.

The Administration is requesting, on behalf of the University, a Federal appropriation of $185,446,000 for fiscal year 1991, which provides an increase of $3,000,000 or 1.6 percent over the appropriation for fiscal year 1990. The increase is in support of the matching endowment program.

A Federal appropriation of $155,300,000 is requested for the academic programs, a level that is equal to the fiscal year 1990 appropriation. These funds, along with those ultimately realized from currently anticipated non-Federal revenue, will be used to maintain obligatory expenditures for fiscal year 1991. In fiscal year 1991, the University will continue to focus on management improvements, accreditation deficiencies, enhancement of the physical plant and academic program, and support for student services. Beginning in academic year 1990 to 1991, the university will implement the first phase of a 3-year plan to add a surcharge to the tuition rate for international students.

A $3,000,000 increase over the fiscal year 1990 appropriation level will allow the University to continue its effort to build its endowment by increasing the Federal matching component of the program.

In recognition of the need to increase non-Federal revenue sources, the University will accelerate its efforts to identify new sources of financial support.

The University's research appropriation request is $4,730,000, which is the same as the fiscal year 1990 appropriation. These research funds will support the continued progress of our graduate and professional programs.

The fiscal year 1991 request for Howard University Hospital is $20,900,000, which is the same as the 1990 appropriation.

I express the deep appreciation of the Howard University community to the committee for its support in the past years and our desire for your continuing support in the future.

I will be happy to answer questions that you or Members of the committee may have concerning our request.

[The statement follows:]

DEPARTMENT OF EDUCATION

Statement by

Carlton P. Alexis
Interim President of Howard University

Mr. Chairman and Members of the Committee:

On behalf of the Howard University community and the Administration, I am pleased to appear before you to present the Federal appropriation request for Howard University for fiscal year 1991.

The Administration is requesting, on behalf of the University, a Federal appropriation of $185.4 million for fiscal year 1991, which provides an increase of $3.0 million or 1.6 percent over the appropriation for fiscal year 1990. The increase is in support of the matching endowment program.

Academic Programs

A Federal appropriation of $155.3 million is requested for the academic programs, a level that is equal to the fiscal year 1990 appropriation. These funds, along with those ultimately realized from currently anticipated non-Federal revenue, will be used to maintain obligatory expenditures for fiscal year 1991. In FY 1991, the university will continue to focus on management improvements, accreditation deficiencies, enhancement of the physical plant and academic program, and support for student services. Beginning in academic year 1990-91, the University will implement the first phase of a 3-year plan to add a surcharge to the tuition rate for international students.

Endowment Program

A $3 million increase over the fiscal year 1990 appropriation level will allow the university to continue its effort to build its endowment by increasing the Federal matching component of the program.

In recognition of the need to increase non-Federal revenue sources, the University will accelerate its efforts to identify new sources of financial support.

Research

The University's research appropriation request is $4.73 million, which is the same as the fiscal year 1990 appropriation. These research funds will support the continued progress of our graduate and professional programs.

Howard University Hospital

The fiscal year 1991 request for Howard University Hospital is $20.9 million, which is the same as the 1990 appropriation.

I express the deep appreciation of the Howard University community to the Committee for its support in the past years and our desire for your continuing support in the future.

I will be happy to answer questions that you or members of the Committee may have concerning our request.

HOWARD UNIVERSITY

Biographical Sketch

NAME : Carlton P. Alexis

POSITION : Executive Vice President, Howard University

BIRTHPLACE AND DATE : Port of Spain, Trinidad, West Indies, June 29, 1929

EDUCATION : New York University, 1953, B.A.
Howard University, 1957, M.D.
Residency (Internal Medicine) Tripler Army Hospital, 1958-1959
Residency (Internal Medicine), Bronx Veterans Administration Hospital, 1961-1963
Fellowship in Endocrinology, Georgetown University Hospital, 1963-1964

EXPERIENCE

Present : Interim President, Howard University
1988 - 1989 : Executive Vice President, Howard University
1969 - 1987 : Vice President for Health Affairs, Howard University
1970 : Professor of Medicine, Howard University
1969 : Associate Professor of Medicine, Howard University
1965 - 1968 : Assistant Professor of Medicine, Howard University
1964 - 1965 : Instructor, Department of Medicine, Howard University

ASSOCIATION MEMBERSHIP

Board of Directors/ Trustee : D.C. General Hospital Governing Commission
: D.C. Commission on Budget & Financial Priorities
: American Association for Academic Health Centers
: District of Columbia Hospital Association
: Representative of the D.C. Medical Community,
: Department of Human Resources
: Health Sciences Consortium of D.C.
: Dominion National Bank of D.C.
: Howard University
: Washington Urban League, Inc.
: Sight Savers International

Memberships : American College of Physicians - Fellow
: American Medical Association
: American Society of Internal Medicine
: Association for Academic Health Centers
: D.C. Federation of Clinical Research
: Medico-Chirurgical Society
: Medical Society of the District of Columbia
: National Medical Association
: American Association for Higher Education

HONORS AND RECOGNITIONS : Docteur Honoris Causa, University of Haiti, 1972
Doctor of Science, Georgetown University, School of Medicine, 1980
Alpha Omega Alpha Honor Medical Society, 1957

CERTIFICATION : American Board of Internal Medicine, 1964

MILITARY SERVICE : 25th Medical Battalion, 25th Infantry Division, 1956-1961 (Discharged with rank of Captain)

FEDERAL REVENUE SUPPORT

Mr. NATCHER. Thank you, Dr. Alexis. The 1990 appropriation of $182,000,000 is expected to cover about 65 percent of the operating budget for Howard, as you know. If you count Federal student aid and grant funds, what portion of Howard's total revenue is expected to be deferred from Federal sources in the fiscal year 1990?

Mr. ALEXIS. When one adds to the Federal appropriation funds for student financial aid and grants, total Federal support will be in excess of 75 percent. We have not made a specific calculation. I would be glad to do that and provide it for the record.

HOSPITALS FURLOUGHS

Mr. NATCHER. We understand the university has announced involuntary furloughs and layoffs for its hospital employees. What can you tell us about this situation? Go right ahead, Dr. Alexis.

Mr. ALEXIS. I will be brief in responding today. The Howard University Hospital attempts to combine a teaching function with that of a public general hospital, which is in itself some may argue, an impossible feat.

The problems of the urban areas have not bypassed the Howard University Hospital. The net effects are is the problems of the boarder babies, the problems of the crack cocaine epidemic, the problems of the long stay elderly patients called by some the elderly boarders, and the crisis with the AIDS problem facing this Nation coupled and incredibly increased over the past few years with the utilization of our emergency services have combined to leave the hospital with almost half of its gross revenue as uncollectible.

The net result is that the hospital ended the last fiscal year with an operating deficit and faces pretty much the same situation for the current fiscal year.

[The following additional date was supplied for the record:]

HOWARD UNIVERSITY HOSPITAL

Mr. Chairman, Howard University Hospital is faced with an unrelenting volume of extremely ill patients who lack health insurance coverage or for whom Federal health insurance programs do not provide sufficient coverage. Fifty-five percent (55%) of the Hospital's patients are covered by medicare or medicaid, and seventeen percent (17%) are uninsured. Medicare and medicaid payments are both fixed at less than actual cost. Consequently, the Hospital cannot look to increased patient charges for additional revenue. Unlike most hospitals, our patient census is very high. As a result of the financial problem this situation presents, the Hospital's administrators must attempt to lower the cost of medical care at the Hospital while providing quality care to these patients with fewer human resources, due to budgetary constraints.

In 1989, the Hospital's cost to provide medical care greatly exceeded the payment it received for the provision of that care. The Hospital's cost to provide medical care continues to exceed receipts during the first 7 months of fiscal year 1990. Despite aggressive austerity measures by the Howard University Hospital, the medical needs of its patient population will overwhelm its financial ability to continue to provide medical services without additional assistance from the Federal government.

Howard University Hospital needs relief from the effects of a Federal health policy built on a national average payment. The consequences of a national debate between cost, medical necessity, and individual patient care fall on the poor, the medically indigent, and the aged rather than the healthy and economically sound members of our society.

Federal health policy has focused on the curtailment of Federal expenditures to hospitals. It has encouraged the use of ambulatory care for the treatment of more and more medical conditions. If a patient's condition warrants inpatient care for which payment is denied by medicare/medicaid, Howard University Hospital bears the burden; it is a choice of non-compensation or contributing to the possible loss of life. This situation is only exacerbated when you consider providing care to expectant mothers who are addicted to drugs. It is very easy to trace the increase in drug-related births to the elimination of local government funding for abortion in the District of Columbia by the Federal Government. Now the community must prepare to care for thousands of babies for the next sixty (60) to seventy (70) years who have been born with drug additions. While a few hundred dollars are saved on abortions, the community will have to care for the medical problems of these children for the remainder of their lives. Far too many of these children are born with malformed organs and brain stem injuries. This narrow application of a Federal policy unjustly hurts the District of Columbia and Howard University Hospital.

As I mentioned earlier, boarder babies are a problem at Howard University Hospital. Boarder babies are infants abandoned by their mothers, many of whom are drug addicted. These babies are abandoned in that their mothers leave the hospital without providing valid information regarding their address or telephone number, and without ever seeing their babies. Many of these infants are addicted to drugs, possess low birth weights, and manifest drug withdrawal symptoms within thirteen (13) days of birth; a small percentage are HIV positive.

In an effort to provide medical care and establish the legal guardianship and/or custody of these infants, Howard University Hospital has cared for some of these babies for their first one hundred and twenty (120) to five hundred and forty-five (545) days of life. During the first four (4) to eighteen (18) months of care in a hospital, such care costs nearly $200,000 per child; medicaid only reimburses $6,100 of this cost. In fiscal year 1989, Howard University Hospital spent approximately $7 million for the treatment and care of sixty (60) boarder babies. The Hospital was reimbursed only $500,000 for these services.

Howard University Hospital houses more boarder babies than any other hospital in Washington, D.C. Howard is the delivery hospital of choice by these expectant mothers. They know that the Hospital has the medical facilities and skill to care for them and their babies, and that Howard University Hospital will not refuse medical service but provide the care they require. The financial burden of these women becomes that of the Hospital once they are patients. No other medical facility in Washington, D.C., has rushed to assume this burden. Despite the Howard University Hospital's pleas and efforts to distribute the medical responsibility for these patients, no other facility is "competing" for a share of this market. The forces of "competition" want no part of this high cost, low payment business.

Howard University Hospital is licensed to provide care for thirty-five (35) infant beds. For almost 2 years, the Hospital's census has not been less than one hundred and fifty percent (150%) or fifty-two (52) infants. On many occasions the Hospital has provided medical care to seventy (70) to seventy-five (75) babies. Of this number, seventeen (17) to twenty (20) were babies abandoned by their families. The Hospital must care for these infants until the District of Columbia assumes custody of them and places them in a home setting. This process is extremely slow. While the legal and administrative details are negotiated and addressed, the Hospital is uncompensated.

With regard to the boarder elderly, existing medicare policy does not provide reimbursement for hospital care to adult patients who remain in acute care facilities beyond a preapproved number of days. There is a severe shortage of skilled nursing care beds in the Washington, D.C., metropolitan area. An elderly patient requiring skilled care, although a bed is unavailable, either remains in the hospital or is discharged without proper care. Since the latter is an unacceptable proposition, Howard University Hospital patients remain in our hospital and receive care. Medicare precludes the Hospital from billing the patient or medicaid, hence, the Hospital is uncompensated for the medical service. In fiscal year 1990, the Hospital will lose $9 million through providing care to these forgotten patients. Unfortunately, Federal health policy seeks to apply an average standard length of stay in a hospital to individuals who can control neither the availability of skilled nursing care beds nor their need for continued medical care. Regrettably, Howard cannot afford to continue to provide needed medical care for these patients in its acute hospital.

UNIVERSITY FINANCIAL CONDITION

Mr. **Natcher.** Thank you.

Dr. Alexis, how would you and the university auditors characterize the overall financial condition of the university as the new president takes over? Just generally speaking, what would you say?

Dr. **Alexis.** The auditors, as of June 30, 1989, have still not rendered an opinion but preliminary data would reveal that the institution ended the fiscal year with a balanced budget and that the past deficits of the last 25 or 30 years have been eradicated.

As Dr. Jenifer comes into his position, he should find the institution operating in the black. The danger that looms on the horizon (so that Dr. Jenifer does not feel too comfortable) is the problem of the Howard University Hospital and the possible hemorrhage it creates for the University in terms of its financial resources.

That is one of the major problems that he faces as he assumes the presidency.

Mr. **Natcher.** Dr. Alexis, speaking for myself as a member of this subcommittee and I think I speak for all of the Members of the subcommittee as well as the Members of the full Committee on Appropriations all down through the years, we have believed that Howard University is one of the great universities in this country.

We understand at times that Howard, like Western Kentucky University in my home town and other universities have problems. They all have problems. But I have served here now with a number of presidents of Howard University. I think the university is an outstanding university. If you had to list your achievements, Dr. Alexis, with all the other universities, you would be right high on the list from the standpoint of graduates and from the standpoint of achievements of a university generally.

That is how we feel on this committee about Howard University. I wanted to tell you that because I am going to ask you now a few questions with regard to a matter that you know about, I presume, and matters that I have been requested to inquire about.

PREVIOUS PRESIDENT'S RETIREMENT

Dr. Alexis, I have had a request asking the subcommittee to review the retirement package that was negotiated with the last president. The details of this arrangement were described in a recent *Common Cause* article entitled, "Executive Privilege". I have in my hand a copy of *Common Cause*, the edition that carries the executive privilege article concerning the matter that I want to discuss with you.

Would you review for us the terms of this package including the value of the annual pension that the outgoing president will receive and the arrangements concerning the president's house?

Dr. **Alexis.** Okay.

Let me attempt, Mr. Chairman, to provide the information that I have. Let me start by reviewing a little bit of history. James Cheek came to Howard University as its president in 1969, at a time of great turmoil in American higher education and indeed a time when our campuses were ablaze, literally.

Also, one should recall that the predicted survival of presidencies in the late 1960's probably averaged between 3 and 5 years. With that background and with the turmoil that I know some members of this committee recall faced the Howard University community in 1967–1968, Dr. Cheek was recruited from the presidency of Shaw University where he did an outstanding job, to come and lead Howard into the perilous 1970's.

Let me add that the board of trustees that recruited Dr. Cheek to Howard University and made arrangements for his compensation is no longer our board of trustees. So the current board of trustees inherited what a board had done 20 years previously. The board of trustees in recruiting Dr. Cheek in 1969 provided, as I understand it, a per annum retirement benefit. I would imagine, at the time when survival did not exceed 5 years or so, that this was no vision, if you wish, but certainly very few people guessed that Dr. Cheek would be president for 20 years.

Well as you know, Mr. Chairman, Dr. Cheek came to Howard and indeed changed the Howard landscape, not just the physical facilities but certainly the program offerings. One should note that in Dr. Cheek's 20 years at the helm there were more Howard graduates than in the preceding 100 years prior to the arrival of Dr. Cheek.

Dr. Cheek stayed as president for 20 years and executed, if you wish, the contract that had been signed by the Howard board of trustees 20 years earlier which provided for the retirement, which has been well heralded and for his purchase of the home where he currently resides.

It is my understanding that the terms, the sale at the 1969 price and the rate of interest for both first and second trusts were matters that were negotiated in the climate of 1969 where a house costing $115,000 could not have struck anyone's imagination as having a value four times that twenty years later. In a nutshell, arrangements were made in one financial and social environment and the deal was finally consummated in an entirely different one.

I suppose with hindsight the trustees may have offered a different arrangement but that was not the contract Dr. Cheek entered into.

Mr. Natcher. Dr. Alexis, what is the annual retirement income under this contract at this time and will it increase in the future years? What is the amount at the present time?

Dr. Alexis. I think it is $190,000. I know that there are no provisions for increases.

Mr. Jones. That is correct.

Mr. Natcher. The present retirement income now on into the future is $190,000 a year.

Mr. Jones. Yes, sir.

Mr. Natcher. What was the gift value of the transfer of the president's house for tax purposes?

Mr. Jones. Mr. Chairman, that was $500,000.

Mr. Natcher. The purchase price for the house was what?

Mr. Jones. I don't know the exact amount. I believe it was $115,000.

Dr. Alexis. It was $115,000.

Mr. Natcher. I understand some of the details as you pointed out were negotiated years ago. The board of trustees increased the value last year when the retirement decision was made. Were there any increases or changes if you recall last year by the board at that time?

Mr. JONES. As part of the final retirement package, Mr. Chairman, there were some increases, the specifics of which we can provide for the record. But they were part of the final retirement package for the president.

Mr. NATCHER. Was the money used for the purchase of the home borrowed from Howard University?

Mr. JONES. Yes, sir.

Mr. NATCHER. That is $150,000 or $145,000, whatever the house was sold for?

Mr. JONES. That is correct.

Mr. NATCHER. Can you tell us what the rate of interest was on the money borrowed?

Mr. JONES. The rate of interest on the entire amount was 5 percent.

NEW PRESIDENT'S HOUSE

Mr. NATCHER. We understand you have acquired another house for the new president. If you will, tell us what this house cost and how you are financing the house and what are the terms of its ownership?

Dr. ALEXIS. Mr. Chairman, I have appropriately not been in the loop on that part of it, so Mr. Jones can answer.

Mr. JONES. The value of the house, I believe, is $1,100,000, Mr. Chairman.

The University placed a mortgage on that property for 20 years. I believe the interest rate on that mortgage was 10 percent.

Mr. NATCHER. Mr. Conte.

Mr. CONTE. Thank you Mr. Chairman. I want to welcome to our committee, Dr. Alexis. I thank you for joining us. I understand you are stepping down next month.

Dr. ALEXIS. Yes, sir.

Mr. CONTE. I want you to know how much I appreciate the valuable service that you have provided. I look forward to working with my dear friend Dr. Jenifer, from the great Bay State of Massachusetts.

HOWARD UNIVERSITY UNIQUE CHARACTERISTICS

Dr. Alexis, what are the unique qualities and characteristics of Howard University that differentiate it from other institutions?

Dr. ALEXIS. Mr. Conte, one can start with the predominant racial characteristics both of its management and its target population. That is a simple characteristic. Within the arena of research-oriented universities, when one looks at the range of program offerings, indeed when one even looks at the peer institutions Dr. Cheek selected 18 years ago as Howard's peer group, one has difficulty in finding an institution with as broad an array of educational opportunities for young people.

Finally, if one looks at black leadership in this country and indeed black leadership in the world, one reads a list of hospitals who have Howard graduates. We think in the 125 years of our existence, we have been uniquely placed to influence higher education in this country, to provide educational opportunities and their attendant social, political, and economic opportunities for minority populations.

We think with the changing social tide that our institution is needed as much today as it was in 1867. We know that with the problems facing urban populations and I alluded earlier to the problems at the hospital, that our medical center is as critical an asset in this community and the national community today as it ever has been.

Mr. CONTE. The hospital, you say, is going to be a problem for Dr. Jenifer.

Dr. ALEXIS. Yes, sir.

Mr. CONTE. The District of Columbia uses the hospital a great deal, don't they?

Dr. ALEXIS. Yes, sir.

Mr. CONTE. What kind of a working relation do you have with the District of Columbia? Aren't you guys supporting that hospital?

Mr. ALEXIS. Yes, we have as smooth a one as one can expect, working relationships with the hospital and the medical care community, that is, the public sector.

The problems with the city hospital, D.C. General Hospital, are pretty much the same problems that we encounter. In some strange manner, however, although they are the public general hospital and we are not, very often we are harder hit on some of the problems than they are.

A case in point, when I reviewed the data in terms of cocaine babies abandoned in the city for calendar 1989, there were 101 such babies. Our institution took care of 41 of them. D.C. General took care of 15.

I have no easy explanation for that disparity other than to inform you that it is accurate. A big problem that this Congress can do something about is the problem of the uninsured or the underinsured. My information is that in this country there are currently 47,000,000 Americans uninsured or underinsured and having the predictable problems with reference to access to health care.

In this city with a total population of some 700,000 citizens, I understand that in excess of 100,000 residents of the District of Columbia are uninsured or underinsured.

I reviewed recently our gross revenue data for fiscal year 1989, only to discover that 23 percent of our gross revenue came from uninsured or underinsured patients, a group of patients for whom we are lucky when we can collect 50 percent of our billings. Stated in terms of numbers, a dollar drain in excess of $50,000,000.

When one adds to that the extended care given to patients with AIDS and also an emergency room visit load in excess of 90,000, when one realizes that 70 percent of our in-patients enter our hospital by way of our emergency room, one gets the grim picture of a health care system not only at Howard University but this city and elsewhere, certainly under siege with the real possibility of having a serious collapse.

Mr. CONTE. The other problem you had a few years ago was with the hotel. Has that been straightened out?

Dr. ALEXIS. I don't know if I would use the word "straightened out".

Mr. **Conte**. Is it operating in the black?

Dr. **Alexis**. Mr. Jones can tell us the figure but it is considerably less than in prior operating years.

Mr. **Conte**. Tell us about it.

Mr. **Jones**. The hotel as you know, Mr. Conte, suffers from its location. The hotel is a unique laboratory, however, for our hotel management school. That particular program has been moving along quite smoothly. The hotel, over the last 4 years, has seen a decrease in its overall deficit and for the period ending June 30, 1989, I believe that it is down to $100,000.

Dr. **Alexis**. I would add that if one prorated the educational costs as part of the hotel accounting, it probably could be shown to be operating as a break-even activity.

ENDOWMENT FUNDS

Mr. **Conte**. You are asking for a $3,000,000 increase in the endowment funds. How much money do you now have in the endowment?

Dr. **Alexis**. To this point roughly $9,000,000 has been appropriated. We have matched roughly $8,000,000. So there is a reduction of $1,000,000.

FUNDRAISING

Mr. **Conte**. Do you have any other sources of financial support?

Dr. **Alexis**. The quick answer is not enough. Mr. Conte, one of the charges that has been given to our incoming president, is the matter of private sector fundraising. We have had a new direction fund over the last decade. The board of trustees has recruited membership with business backgrounds and hopefully access to private sector board rooms and, therefore, private sector giving. It is my understanding that Dr. Jenifer, fortified by such new additions to our board of trustees and hopefully with new staff will spend a great deal of his time in garnering private funds.

Mr. **Conte**. Thank you.

Mr. **Natcher**. Mr. Early.

Mr. **Early**. That won't be any different from any other president, every one of them is basically a fundraiser. Is Dr. Jenifer going to spend 90 percent of his time fundraising like other college presidents?

Dr. **Alexis**. I have a problem with saying what percentage and I would prefer him to answer. But certainly considerably more than Howard has expended in the past.

Mr. **Early**. I think there is money out there for Howard on a national level.

HOWARD UNIVERSITY HOSPITAL

On the 50-percent uncollectibles, looking at it as a city hospital, or similar to a city hospital, it is a hospital that deals with poor people.

Dr. **Alexis**. Yes.

Mr. **Early**. How much is reimbursed by the D.C. government? If the hospital takes in a poor person from D.C. I would think the hospital would request the D.C. government to reimburse Howard University.

Dr. **Alexis.** I would have no problem with that conduit.

Mr. **Early.** Don't we do that?

Dr. **Alexis.** No. We get funded under the medicaid program as does every other hospital in the city. We also get funded from a medical charities program also run by the city. There are no other provisions for channeling funds to Howard University in recognition of the unique quasi-public general hospital function that it serves.

Mr. **Early.** Do any of the operating costs of the Howard University Hospital come out of your endowments? You say no and that is fine, but Children's Hospital in Boston, which is on the verge of going bankrupt, one of the finest hospitals in the world, is operating on endowment money. When you talk about financial problems that plague Howard University, they are not problems unique to Howard.

Dr. **Alexis.** I did not mean to say that. I think we are dealing with a national catastrophe that I think is on the verge of occurring.

Mr. **Early.** I don't think that 70 percent entering through emergency is excessively high.

Dr. **Alexis.** I would differ. I would suspect it would be a lot less, typically.

Ms. **Christensen.** Mr. Early, may I explain for the record the budget request the Department has in for the hospital? The 1967 law that transferred Freedman's Hospital over to Howard provided that over a period of time it become less dependent. What this and prior managers have done is to maintain level funding and that way gradually decrease it. We certainly recognize the terrible overall problem but I think the whole thing has to be looked at in the context of other resources and the larger problems that you are addressing now.

SICKLE CELL CENTER

Mr. **Early.** All right. My friend, Mr. Stokes, has done more for Howard than anyone I know. We hear continually about sickle cell anemia. Doesn't Howard have a sickle cell center?

Dr. **Alexis.** Yes, sir.

Mr. **Early.** Why aren't you making more progress on that disease?

Dr. **Alexis.** Sickle cell disease, the problem of S hemoglobin, sometimes one gets the feeling that it is a new disease and it certainly is not. Our institution unfortunately, in its sickle cell center, has been almost 100 percent service and treatment oriented.

Mr. **Early.** I hate to hear that.

Dr. **Alexis.** That is factual. We have not been involved in a great deal of bench or basic research.

Mr. **Early.** Is it because you don't have the people or the money to recruit researchers?

Dr. **Alexis.** A combination. We have 2 or 3 of what I would consider top line hematologists and that may not be enough of a critical mass given the volume of service delivery with which they are saddled. When you consider the frequency of the S hemoglobin in the black populations and recognize that fundamentally that is our entire patient population, the rate at which we see patients with the complications of the S hemoglobin opathy, you see that the staff that would be required is in excess of what we have.

Mr. EARLY. Then would you identify it as a treatment facility as opposed to a research facility?

Dr. ALEXIS. If I can speak for Dr. Scott, who is our director, I hope that when you give up on an interest in basic research and decide that all you prefer to be is a treatment facility, the ability to recruit good medical scholars to your institution diminishes and the quality of services that you deliver will diminish also.

So I think we should attempt to do both.

Mr. EARLY. President Jenifer is going to be a good president if he recruits good people. If he does not recruit good people, he will not be a good president. It is as simple as that.

As a medical scholar, I certainly would not be interested in Howard if all you are doing is treating patients and not doing any research on sickle cell anemia. How about low birth rates in minorities. Is Howard also just a treatment facility rather than a research facility for this problem?

LOW BIRTH RATES

Dr. ALEXIS. I will ask Dr. Miller.

Dr. MILLER. We are doing research in neonatology. We have found there are several recent findings, some are ours and some are not. In terms of low birth rate we always assumed that was related to socioeconomic circumstances.

Mr. EARLY. This Member thinks it is not a minority problem, it is an economic problem.

Dr. ALEXIS. This has been further complicated by the recent drug epidemics that we have seen. Our efforts and our attention are now turning not to the causes but how to get at those causes and measure outcomes.

FACULTY RECRUITMENT

Mr. EARLY. The question is how well do you recruit. Are you recruiting where you can compete with the Harvards and the other 127 medical schools? You know, you have a uniqueness in that you have Afro-Americans who might rather go to Howard and do research.

Dr. ALEXIS. We have young individuals on our faculty who are being developed to take those kinds of leadership roles and who are becoming nationally known.

Mr. EARLY. Are you satisfied that you have the autonomy to recruit, the salary structure and all the other things?

Dr. ALEXIS. That is the restraint, the salary structure.

Mr. EARLY. Do you do what the others do, give them a salary but they get something else for this and something else for that?

Dr. ALEXIS. We have to, too, sir.

NEW PRESIDENT'S HOUSE

Mr. **Early**. I hope so, otherwise you would be different. I think President Jenifer should move toward more basic research. On the president's house, I think probably they should have a house. We are going to pay $1,100,000 for the new president's house? What causes it to be $1,100,000? Is the house on campus?

Mr. **Jones**. No, it is not.

Mr. **Early**. How far off campus?

Mr. **Jones**. The house is located in the northwest part of Washington.

Mr. **Early**. We commented about the hotel, about some of its loss of revenues because of its location. Why not build a facility right on campus? I think each university should have a president's house, but it should be close to the campus. How far is this house, and why aren't we building the house on campus?

Mr. **Jones**. Well, the decision to purchase a home for the president was one made by the board of trustees.

Mr. **Early**. The 1969 board that we are blaming for the other problems?

Mr. **Jones**. No, it was made by the current board. A lot of factors were looked into. As you know, the housing costs in the Washington, D.C. area are quite steep. To identify a home that would satisfy the requirements of the new president's responsibilities, this particular home in the northwest was identified.

Mr. **Early**. Do you think Mr. Jenifer should stay accustomed to what he had in Massachusetts? He would not need $1,100,000 if he was staying on that track. Would you expand for the record why we are spending $1,100,000 and not building our own facility?

Mr. **Jenifer**. I feel a little awkward in answering—not officially taking the position until April 1 but you almost answered the question earlier when you raised the question and concern that Howard University needs to be about the very, very serious business of raising more private funds.

You talked about the president working 90 percent of the time raising funds. To raise those funds, as you well know, one has to have a facility and a locale in which he or she can entertain and attract people to that local facility for a variety of kinds of events. If you look at that locality, there are at least three other presidents in that locale.

They are in that locale. They are all in the same financial category. If you visit presidents' homes around the country, they are off campus. That is a growing trend. They are all homes that have an adequate facility to entertain. I assure you, if you look at the package of 20 years ago, I wish I was 20 years younger. I can assure you that is an investment for Howard University which I will be using for the period of time in which I am performing the functions.

I believe you will find that that kind of a facility will allow me to do the job in a better fashion that I would if I had to attract people to another area.

Mr. **Early**. If that is the trend, I would have to disagree with it. I would rather see you build a $1,100,000 facility on the Howard campus. That facility would stand out and attract people with money to the university. The houses I am thinking about back in Massachusetts, they are not that far off campus. College presidents don't raise their money on campus. They raise their money all over the country chasing contributors.

HOWARD UNIVERSITY HOSPITAL OUTREACH

One final question Mr. Jones. On the hospital, how much outreach are you doing with poor patients in regards to mammogram testing?

Dr. **Miller.** We have held several programs for that kind of outreach, not only mammograms but sickle cell and a number of them. With regard to mammograms, last year, they were offered at a reduced rate.

Mr. **Early.** Will you provide for the record what happened, when these test were provided, and what the cost was?

Dr. **Miller.** It was $25, the lowest rate in town. This year you might have seen one of the ads that was run in the *Post*. We encouraged the community to give your loved one a mammogram instead of roses because they thought that would have been a better gift given the circumstances and the cancer rate in Washington.

We have held a number of programs to educate the community, to inform them and to try to encourage them to have this procedure done.

Mr. **Early.** I think that is very worthwhile. I really believe that is what you should be doing. That is the first I've ever heard of anyone suggest giving a mammogram rather than giving flowers. I don't think that minorities need to have more cancer. I think that minorities—those who are poorer—who don't have the mammogram test—don't receive an early warning. If you would like to expand on that, I would appreciate it.

Thank you.

Mr. **Natcher.** Now, Dr. Alexis, before going into additional questions, let me say to you that I think you have been good for Howard University. I say that to you on the record and quite frankly. I have known you for a number of years now. I think you have been good for Howard. Let me say to the new president, Dr. Cheek had the ability and the knack for selecting people who were able, well qualified people and people who knew how to spell the word "loyal". The word loyalty meant a lot to him. That means a lot at the university.

Dr. Alexis, you and several others of you gentlemen sitting here in the room, I can name all of you, you have been good for Howard University. I want you to know as one Member of Congress, I appreciate your service.

Dr. **Alexis.** Thank you.

PEER INSTITUTIONS

Mr. **Natcher.** As you know the Department has recently submitted some preliminary data comparing various expenditures at Howard with those at similar institutions. This study will be inserted in the record at this point.

[The information follows:]

COMPARATIVE FISCAL ANALYSIS OF HOWARD UNIVERSITY

The study comparing Howard University to peer institutions is too lengthy to be inserted in the record and is, therefore, provided separately to the committee. An executive summary of the study follows:

HOWARD UNIVERSITY: A COMPARATIVE FISCAL ANALYSIS

EXECUTIVE SUMMARY

The United States Congress requested the U.S. Department of Education to conduct an evaluation of Howard University. This report responds to part of that request by analyzing: (1) general education revenues; (2) education and general expenditures; and (3) faculty salaries. To complete this mandate, the Department plans to do further analyses of Howard University including examining student characteristics and outcomes and an overall management review.

The analyses in this report compare Howard University to four different groups of higher education institutions. The four groups identified for this report are:

- Selected private institutions with hospitals--institutions chosen by Howard University as its peers because they are private institutions that offer similar curricula and degrees at the undergraduate, graduate and professional levels;
- Public universities with hospitals--research universities that, like Howard University, receive a large share of revenue from government appropriations;
- Competitor institutions--institutions that students who declined admittance to Howard University chose to attend; and
- Historically Black Colleges and Universities (HBCUs)--institutions, like Howard University, that serve predominantly black student populations.

Each of these groups provides a different perspective from which to assess the operation of Howard University as a major higher education institution in the country.

Analyses of expenditure and revenue data indicate that Howard University's revenues are largely generated from the same sources as public institutions, i.e., governmental, but its expenditures resemble those of large private institutions. Although an HBCU, Howard's fiscal data reveal more striking similarities with the private and public institutions with hospitals than with HBCUs or competitor institutions. With respect to revenues, comparisons of Howard University and the comparison groups reveal the following:

- Although a private university, Howard University received relatively small revenue shares from many of the principal revenue sources of other private universities. Tuition and fees, grants and contracts (Federal, state and private), and endowment income are examples of revenue sources from which Howard University received less than half as many funds as the selected private universities with hospitals.

- Both Howard University and public institutions with hospitals received over 50 percent of their revenue from government appropriations and less than 20 percent from tuition and fees. The main difference is that Federal funds supported Howard University, whereas the public institutions with hospitals received state appropriations.

- Howard University received three times more revenue per student than the group of HBCUs. Howard University also received twice as much revenue per student as the competitor institutions.

Some key findings concerning Howard University's expenditures are as follows:

- In terms of total expenditures per FTE, Howard University spent $22,843; this placed Howard University squarely between the public schools with hospitals at $15,067 and the selected private universities with hospitals at $30,648. Howard University's expenditures were significantly above the competitor institutions ($8,844 per FTE) and HBCUs ($7,822 per FTE) groups.

- When research is removed from total expenditures, Howard University's expenditures more closely resemble those of the selected private universities with hospitals. Excluding research, the difference between the two is less than $2,000 per FTE.

- Howard University did not spend as much on research as did the selected private institutions with hospitals or public institutions with hospitals. Indeed, Howard University spent only six percent ($1,332) of its per-FTE expenditures on research, compared to 24 percent ($7,305) dedicated to research among the private institutions with hospitals, and 16 percent ($2,454) among public institutions with hospitals. The competitor institutions and HBCUs spent 12 percent ($1,229) and four percent ($301) on research, respectively.

- In terms of dollars spent on academic expenditures ($9,579 per FTE), Howard University ranked below the selected private institutions with hospitals but above all other comparison groups. The average competitor institution spent a similar budget share on academic expenses (46 percent of total expenditures less research, compared to 44.5 percent at Howard) though less than half the dollar amount per FTE ($4,029).

- Howard University spent substantially more for total administrative expenses than any other type of institution. Howard University spent $5,981 (28 percent) per FTE on administrative costs; the selected private institutions with hospitals ranked second in total dollars spent on administration at $4,642 (20 percent). All other comparison groups spent less than half as much money on administrative expenditures as Howard University.

- Howard University also spent significantly more for plant operation and maintenance (14 percent) than any of the comparison groups. At $3,092, Howard University spent 1.2 times more than its selected private institutions with hospitals and more than twice as much as each of the other groups on plant operation and maintenance.

Of Howard University's full-time faculty, 78 percent had Ph.Ds. This is the same percentage as for the public institutions with hospitals group. The only comparison group with a higher proportion of full-time faculty was the selected private institutions with hospitals. Moreover, the ratio of students to full-time faculty was lower at Howard University (8.2 to one) than at any comparison group. Howard University also had a substantially larger percentage of part-time faculty (37 percent) than any comparison group.

With respect to faculty salaries and benefits, Howard University paid its faculty considerably less than the selected private institutions with hospitals, particularly in the upper ranks. Its salaries and benefits were fairly comparable, however, to the public institutions with hospitals.

PEER INSTITUTIONS

Mr. NATCHER. Tell us briefly which schools Howard selected to include as its peer group and how these were chosen. How did this come about?

Dr. ALEXIS. Mr. Chairman, let me state for the record that we were provided with an outline as to how the study would be conducted.

We were given an opportunity to respond by the 15th of February. After I had consulted with my colleagues on the Howard campus and with Dr. Jenifer by telephone and in writing, we formulated a response that expressed some of our concerns about the format. Such correspondence was delivered to the Department on the 15th.

We, however, on the 16th received the data that you have, stated differently. The data did not reflect, as I can understand it, the concerns that we had expressed in writing. Having said that, we are looking at 1985-1986 data which I suggest needs updating to as recent fiscal or academic year as possible.

That is one. Two, there are a couple of categories for comparison that I would consider invalid, number one, HBCUs. Their enrollments in many instances are one-tenth or one-fifth of Howard's enrollment.

Finally, the mixed group which is a mixture of some public schools, some State schools, and some HBCUs provided a potpourri of data that I do not consider meaningful. With those parenthetical remarks, let me say from the cursory review that we have done the data reflects what we have been saying a long time, namely that we are indeed a very unique institution in that in one category or another we are like the so-called peer institutions and in another category we are like the HBCUs and in the other instance we are like a mixture of HBCUs, State schools, and some public schools.

Mr. NATCHER. Dr. Alexis, can you tell us which institutions Howard selected for a comparison, to be compared with other institutions? Which ones were selected?

Dr. ALEXIS. I will probably need some help from my colleague, but in 1971, Dr. Cheek, then president of the University, selected locally Georgetown University, Johns Hopkins in Baltimore, Yale University, University of Chicago, Emory, Vanderbilt, Tulane, Rochester, Case Western Reserve. Those schools were selected because of their enrollment numbers, the breadth of their enrollment, the disciplines in which they were making Ph.D.'s available, and in most instances, the ownership of a university hospital.

EXPENDITURES PER STUDENT

Mr. NATCHER. Now, Dr. Alexis, the study I believe indicates, excluding research, Howard's overall spending per student is similar to other schools like Duke and Stanford, but Howard spends considerably less on academics and student aid and considerably more on overall administrative costs. Is this correct?

Dr. ALEXIS. Those are the numbers in that study, Mr. Natcher.

Mr. NATCHER. I understand.

Dr. ALEXIS. If we compare institutions, the ones I just listed, with Howard University in terms of the number of programs offered, whereas at Howard there are 18 schools and colleges and at Georgetown there are no more than 8, at Hopkins a handful and down the line, as one sets up administrative units to offer educational programs there is a built-in increase in administrative costs.

Having said that, Mr. Natcher, we need to analyze the data at Howard. We unfortunately have not as yet had an opportunity to look at the data with that kind of close scrutiny, one, or to engage in dialogue with our partners at the Department of Education to see how they got to those numbers.

I would hope to be given an opportunity to hold such discussions.

Mr. NATCHER. Mr. Conte.

Mr. CONTE. I will submit the rest of my questions.

Mr. NATCHER. Mr. Early.

ADMINISTRATIVE COSTS

Mr. EARLY. I will submit some questions for the record. But you certainly have done enough studies at Howard that you should be able to implement from what you have studied in the past.

The question as far as why your administrative costs are up that high, I cannot recall in my 16 years on this committee that we have not studied something at Howard University, haven't we studied that specific situation.

Dr. ALEXIS. It is a comparison set of circumstances we have to look at. We can answer Howard's questions, but I need to look at how Yale or Stanford arrived at its data before I can say whether the comparisons are valid or not.

Mr. EARLY. This Member would be more interested in how much you are spending on administrative costs versus what you are spending on academics.

Mr. JONES. Mr. Early, about 6 years ago a study was conducted on the administrative costs. I believe it was conducted by GAO. They found that administrative costs were comparable to other universities in the country.

Mr. EARLY. Why don't you finalize that then and stop studying this issue?

Mr. JONES. That was a request that came down last year.

Mr. EARLY. Will you submit that particular study for the record, the one that you mentioned?

Mr. JONES. Yes, sir.

[The information follows:]

UNITED STATES GENERAL ACCOUNTING OFFICE
WASHINGTON, D.C. 20548

RESOURCES
DIVISION

March 12, 1982

B-206672

The Honorable William Proxmire
Ranking Minority Member
Subcommittee on Labor, Health
and Human Services and Education
Committee on Appropriations
United States Senate

Dear Senator Proxmire:

Subject: Use of Federally Appropriated Funds by Howard University for Administrative Expenses (HRD-82-50)

Pursuant to your October 20, 1981, letter, we reviewed Howard University's use of federally appropriated funds for administrative expenses. Data provided to you by the National Center for Educational Statistics (NCES) indicated that Howard's 1978-80 institutional or administrative expenses as a percentage of educational and general expenditures were generally four to five times higher than other similar universities. According to NCES data, Howard's administrative expenses in recent years have averaged about 23 percent of its educational and general expenditures.

For fiscal year 1981, Howard received appropriations of $133,983,000 including $101,637,000 for academic programs, $22,106,000 for its hospital, and $10,240,000 for construction. The remainder of its total budget of about $247 million was obtained from student fees and tuition and other revenue sources. Howard initially reported that about $29.3 million of its total expenses were used for administrative expenses. The administrative expenses reported by Howard to NCES, however, were overstated because expenses amounting to about $15 million were erroneously classified. After adjusting for the errors, Howard's administrative expenses for fiscal year 1981 were about 10 percent of its educational and general expenditures, a percentage more comparable to other similar universities.

(104526)

Enclosure I discusses the results of our review in more detail.

We will not release this report for 30 days unless you approve its release or make its contents public. At that time, we will send copies to interested parties and make copies available to others upon request.

Sincerely yours,

Edward A. Densmore

for Gregory J. Ahart
Director

Enclosures - 3

USE OF FEDERALLY APPROPRIATED FUNDS BY HOWARD UNIVERSITY FOR ADMINISTRATIVE EXPENSES

BACKGROUND

Howard University was established by an act of incorporation by the U.S. Congress on March 2, 1867, and began officially operating on May 1, 1867. In 1928 the Congress amended the original act of incorporation to authorize annual Federal appropriations to aid in the construction, development, improvement, and maintenance of Howard. The amendment prohibits the use of funds for religious purposes. Appropriations were authorized for Howard because the Congress believed the Federal Government had an obligation to help establish Howard as a top-rank university to compensate Black citizens for the inequitable cultural and educational opportunities afforded to them. In fiscal year 1/ 1981, Howard received $133,983,000 in Federal appropriations; over half of its 1981 total expenditures of $247 million. The remaining expenditures were covered by student fees and tuition, endowments, gifts, grants, and revenues generated from services and other functions provided by educational departments and auxiliary enterprises.

According to Howard, its goal is twofold. One goal is to provide students, irrespective of race, sex, creed, or national origin, the highest quality education at a reasonable cost. The other is to assist, through use of its research resources, in the development of solutions to human and social problems. Currently, Howard has 17 schools and colleges and offers master's degrees in over 85 areas and doctor of philosophy degrees in 23 fields. During the 1980-81 academic year Howard conferred 1,872 degrees. It also awarded 38 certificates in such areas as radiological technology, radiation therapy, and physician assistant.

The majority of Howard's student population are minority students, principally Blacks. During the 1980-81 academic year, Howard's student population totaled 12,294. Black students comprised about 79 percent of the student population. About 17 percent of the remaining students were nonresident aliens and about 4 percent were American Indians, Asians, Hispanics, and Caucasians. Howard's foreign student population represents between 15 and 20 percent of the student body with about half of these students coming from African countries.

Howard is directed by a Board of Trustees and a president as shown by the organizational chart in enclosure II. It is divided into six major organizational areas with each area being assigned to a vice president who reports to the president. About 6,029 persons are employed by Howard, including about 1,955 involved in

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1/Howard's fiscal year extends from July 1 to June 30.

teaching, about 2,519 involved in the University's hospital activities, and the remainder employed generally in administrative and institutional support staff positions.

SCOPE OF REVIEW

Our review of Howard's administrative expenses was limited primarily to the University's use of federally appropriated funds for fiscal year 1981 administrative expenses. We selected the 1981 expenses because they were most recently audited by Howard's certified public accountants. We confirmed that Howard's use of federally appropriated funds for fiscal year 1981 was typical of the way in which it used the funds in past years. Our analysis of expenses was based on Howard's annual expenditure reports which showed for each expense category the use of Federal and non-Federal funds. Our analysis of Howard's expenditures was directed to understanding the nature of the expenses and not to determining whether the expenses were justified or properly documented. We relied on the work of Howard's certified public accountants as to the integrity of the financial accounts. We also reviewed certified public accountants' annual audit reports of Howard's financial activities to ascertain whether they contained any exceptions concerning accounting for administrative expenses.

Our review was generally performed in accordance with GAO's current "Standards for Audits of Governmental Organizations, Programs, Activities, and Functions."

HOWARD'S REPORTED ADMINISTRATIVE EXPENSES OVERSTATED

The administrative expenses Howard reported to the National Center for Educational Statistics (NCES) were overstated by about $15 million for fiscal year 1981 primarily because they erroneously included certain employee fringe benefit and auxiliary enterprise expenses.

Each year Howard provides financial data to NCES as part of NCES' nationwide collection of financial statistics on colleges and universities. Howard annually reports to NCES its total educational and general expenditures consisting of expenditures for instruction, research, institutional or administrative support, academic support, public service, student services, operation and maintenance of plant, and scholarships and fellowships.

NCES suggests that colleges and universities report their financial data on the basis of the guidelines established by the National Association of College and University Business Officers (NACUBO) and the American Institute of Certified Public Accountants (AICPA). These guidelines define expenditure categories for universities and recommend the type of expenses to be charged to each.

According to the guidelines, expenses relating to a university's general executive and administrative offices should be charged to administrative support, and expenses relating to the university's instruction activities should be charged to the instruction expenditure category. The guidelines also state that, like salary expenses, employee fringe benefit expenses should be distributed among the appropriate expenditure categories.

Accordingly, an administrator's fringe benefits should be charged to the administrative expense category, and an instructor's fringe benefits should be charged to the instruction expenditure category. The guidelines recommend that universities allocate an appropriate portion of the administrative costs to auxiliary enterprises. Auxiliary enterprises are entities, such as residence halls, food service, intercollegiate athletics, and college unions, that exist to furnish goods or services to students and faculty.

Howard reported administrative expenses to NCES for fiscal year 1981 totaling $29.3 million, which represented about 20 percent of its educational and general expenditures. 1/ For fiscal year 1980, Howard reported administrative expenses totaling about $37.5 million representing about 23 percent of its educational and general expenditures. Howard's administrative expenses included costs for central executive level activities, fiscal operations, administrative data processing, space management, personnel records, logistic activities, support services to faculty and staff, public relations, and university development activities. Most of these expenses were charged to Howard's Federal appropriations. The distribution of Howard's administrative expenses for fiscal year 1981 between federally appropriated and university funds by office or function is shown in enclosure III.

We pointed out to Howard officials that Howard's administrative expenses as reported to NCES appeared to be higher than those reported by other similar universities. Howard asked its certified public accountants to look into this matter. The accountants discovered, and our review work corroborated the fact that, during the past several years, Howard included in the administrative expenses category reported to NCES some expenses which should not have been charged under this category. Howard charged all employee fringe benefit expenses to the administrative expense category, whereas only fringe benefit expenses for employees in administrative offices should have been charged to this category. The accountants made an adjustment of about $9.7 million to account for the improperly classified fringe benefits of nonadministrative staff and other improperly classified expenses.

1/Howard's educational and general expenditures for fiscal year 1981 were $143 million of the University's total expenditures--$247 million. The remaining expenditures were for the University's hospital and auxiliary enterprises.

Also, Howard did not allocate any administrative expenses to its auxiliary enterprises as provided for by NACUBO and AICPA guidelines; this required an adjustment of about $5.1 million. Consequently, the financial data which Howard reported to NCES overstated the amount of the University's administrative expenses.

After making the appropriate adjustments, Howard's administrative expenses for fiscal years 1980 and 1981 were about $16 million and about $14 million, respectively, representing about 11 percent and 10 percent of its educational and general expenditures. Howard submitted the adjusted amounts to NCES. Howard officials told us that Howard's administrative expenses were also overstated for the previous 2 fiscal years but that adjustments for those years will not be made.

HOWARD UNIVERSITY'S USE OF FEDERALLY APPROPRIATED AND UNIVERSITY FUNDS FOR ADMINISTRATIVE EXPENSES FISCAL YEAR 1981

Administrative office/function	University funds	Federally appropriated funds	Total expenses
Office of the President	$128,919.16	$235,749.22	$364,668.38
Information Systems Task Force Office	99,299.13	118,157.20	217,456.33
University Planning Office	22,479.25	275,707.30	298,186.55
Operational Analysis/ Institutional Research Office	240.65	360,357.58	360,598.23
Computer Center	88,186.11	1,683,937.68	1,772,123.79
Office of Computer Application	3,275.29	339,238.89	342,514.18
Office of University Legal Counsel	8,132.37	159,490.47	167,622.84
President's travel promotion	16,659.74	1,429.50	18,089.24
Office of the Vice President for University Relations	223,269.49	152,663.02	375,932.51
Government Relations Office	13,052.43	152,458.70	165,511.13
Miscellaneous (note a)	828,940.06		828,940.06
Consortium costs	1,673.00		1,673.00
Property acquisition/ rental	328,302.54		328,302.54

Administrative office/function	University funds	Federally appropriated funds	Total expenses
Compensation for administrative officers/deans	$55,265.70	b/$1,762,391.14	$1,817,656.84
Real estate taxes on investment property	5,882.99		5,882.99
Real estate taxes on donated property	7,030.09		7,030.09
Prior year expenditures/general & administrative	(105,845.52)	1,371.62	(104,473.90)
Recovery of indirect costs	223,004.41		223,004.41
Payroll system improvement	148,213.34		148,213.34
Salary adjustment account	(413,206.72)	39,786.08	(373,420.64)
Budget Office	3,433.06	321,603.57	325,036.63
Office of Financial Budget/Analysis	1,263.50	140,809.46	142,072.96
Office of the Comptroller	514,112.13	569,771.22	1,083,883.35
Accounting Office	(6,716.40)	314,475.06	307,758.66
Accounts Payable/ Disbursement Office	(10,533.60)	422,415.85	411,882.25
Accounts Receivable Office	3,358.94	639,278.75	642,637.69
Student Loans Office		16,376.25	16,376.25
Cashier's Office	(122.08)	20,638.89	20,516.81

Administrative office/function	University funds	Federally appropriate funds	Total expenses
Payroll Office	$(4,765.22)	$329,813.42	$325,048.20
Restricted Accounting Office	11,304.13	277,214.93	288,519.06
Financial Programing Office		280,329.80	280,329.80
Purchasing Office	1,139.36	262,218.74	263,358.10
Office of Internal Auditor	12,417.11	120,229.55	132,646.66
Office of the Director--Auxiliary Enterprises	92,473.86	428.70	92,902.56
Post Office	(10,881.16)	101,422.85	90,541.69
Office of Benefit Pension Administration	53,004.76	345,748.37	398,753.13
Central Receiving Office	1,771.01	32,177.60	33,948.61
Office of University Relations	109,268.09	283,699.70	392,967.79
Publications Office	189,554.98	127,665.09	317,220.07
Development Office	48,413.52	286,642.83	335,056.35
President's annual report	12,890.20	154.64	13,044.84
Promotional program	76,419.21	2,000.00	78,419.21
Alumni Office	111,688.57	362,158.02	473,846.59
International Affairs Office	718.20	20,980.25	21,698.45
Office of the Vice President for Business/Fiscal Affairs	63,356.62	352,322.16	415,678.78

Administrative office/function	University funds	Federally appropriated funds	Total expenses
Auditing expense	$454,457.61		$454,457.61
Membership expense	36,772.00	$ 2,000.00	38,772.00
Investment expense	58,474.75		58,474.75
Contract legal service	38,472.56		38,472.56
Legal settlement	88,019.60		88,019.60
Bad debts expense	226,170.03		226,170.03
Office of the Vice President for Administration	22,446.05	178,779.22	201,225.27
Board of Trustees	120,652.81	31,931.25	152,584.06
Board of Trustees Chairman's Hospitality Fund	1,043.73		1,043.73
Commencement expenses	119,545.97	4,545.45	124,091.42
Office of Personnel Administration	52,302.88	372,945.81	425,248.69
Employment recognition expense	25,164.89		25,164.89
Architecture & engineering services (contract)	231,829.72	179,420.90	411,250.62
Payroll Office renovation	125,381.00	1,100.00	126,481.00
Office of Security/ Safety Services	250,881.01	1,505,591.90	1,756,472.91
Cramton Auditorium management	2,021.64	96,786.61	98,808.25

Administrative office/function	University funds	Federally appropriated funds	Total expenses
Military property custodian	$ 32.06	$ 18,426.50	$ 18,458.56
Architecture & engineering services (in-house)	1,239.77	191,968.49	193,208.26
Staff benefits	530,636.92	733,879.93	c/1,264,516.85
Disability difference pay	3,017.82	3,122.59	6,140.41
Consultant/administrative fees	2,595.45	7,786.35	10,381.80
Total	$5,347,500.57	$14,241,599.10	d/$19,589,099.67
Less:			
Administrative overhead expenses for auxiliary enterprises	(e)	(e)	e/5,137,703.00
Actual expenses			$14,451,396.67

a/Generally includes unusual, nonrecurring expenses, such as cost overruns.

b/Funds for instructional deans to be reclassified at yearend. All administrative officers' and deans' salaries are charged to a combined account internally during the year with a reallocation to the respective department at yearend.

c/This amount reflects fringe benefit expenses for administrative staff only.

d/This amount represents Howards's total administrative expenses after reclassifying $9,731,279 in fringe benefits for nonadministrative staff and other expenses, but before allocating $5,137,703.00 in administrative overhead expenses for the operation of the University's auxiliary enterprises.

e/The amounts of Howard University and federally appropriated funds used for administrative overhead auxiliary enterprise expenses are not available.

Mr. **Early**. Thank you, Mr. Chairman.

NEW TUITION RATES

Mr. **Natcher**. According to the justifications, Dr. Alexis, Howard will realize a revenue increase of $16,000,000 over 2 years from increased tuition. What will the tuition charges be in 1991 and how do they compare to the 1989 and 1990 fiscal years?

Dr. **Alexis**. We are proposing for school year 1990–1991 an average increase in tuition of 9 percent. The undergraduate tuition at Howard then goes from $4,500 to $5,350. That compares 1989–1990 with 1990–1991. The graduate school is $5,600 to $6,100. The College of Dentistry from $6,900 to $7,550. The College of Medicine from $8,650 to $9,450. Those are the actual numbers.

Mr. **Natcher**. Dr. Alexis, I don't know if you have had an opportunity to look at the justifications concerning this particular matter. Do you agree with the figures set out there, that is a $16,000,000 increase over 2 years.

Is that accurate?

Dr. **Alexis**. We corrected those numbers 2 or 3 weeks ago.

Mr. **Jones**. Yes, we have corrected those. I will provide those for the record.

[The information follows:]

Tuition Revenue

The tuition revenue will not increase $16,000,000 over the next 2 years. Tuition revenue is expected to increase by $4.5 million for fiscal year 1991. We do not currently have a projection for fiscal year 1992.

RESEARCH APPROPRIATION

Mr. **Natcher**. The Congress, as you know, has appropriated about $4,700,000 in each of the last 5 or 6 years to enhance Howard's research programs. How has this investment impacted on your ability to compete for other research funds? If you will, tell us how does research spending this year compare to this project again.

Dr. **Alexis**. While Mr. Jones is gathering the numbers, let me say that we started from a level of research productivity that was quite low. Indeed it was a recurring criticism of several accrediting agencies that had visited not only the total University but certainly several programs at the University.

Because of what was initially a $5,000,000 appropriation for research, we were able in the first 3 to 4 years of that appropriation to do what needed to be done with reference to the infrastructure of the university for conducting reasonable and certainly good research. A lot of initial money therefore was spent on the purchasing of equipment and the renovation of laboratories and the giving of small grants to young investigators and to giving grants to investigators who wanted to change their career research objectives.

Mr. **Natcher**. Mr. Stokes, at this time, I yield to you.

Mr. **Stokes**. Thank you very much, Mr. Chairman. Let me express my appreciation to you, Mr. Chairman, for your indulgence while I had to take care of that matter on the Floor. I appreciate it very, very much.

Mr. **Natcher**. We are glad to do it, Mr. Stokes.

Mr. **Stokes**. Also, let me welcome Dr. Jenifer, the new President of this University, and say what a delight it is to welcome you here. We look forward next year to your presenting this budget to us.

Dr. **Jenifer**. Thank you, Mr. Stokes.

1991 BUDGET REQUEST

Mr. **Stokes**. Dr. Alexis, the budget request submitted by the Department for Howard University is essentially a level budget with no increase for inflation. The only increase recommended is an additional $3,000,000 for the endowment program. What was Howard's 1991 request to the Department?

I would like to get a breakdown by category—the academic program, endowment, research, construction, et cetera, if you have that.

Dr. **Alexis**. I have it. The request was for $13,500,000 for faculty and non-faculty salary increases. For increases in the academic program, $28,000,000. For increases in the endowment grant, $1,542,000. For the Howard University Hospital, $4,000,000; and for physical facility needs of the University, a total of $122,000,000.

Mr. **Stokes**. What is the current services level for the academic program, the research program and Howard University Hospital for fiscal year 1991.

Dr. **Alexis**. It turns out that 1991 is identical with 1990, Mr. Stokes. Those figures are, respectively, the academic program, $155,300,000; the research program, $4,730,000; and the Howard University Hospital, $20,900,000.

Mr. **Stokes**. What we actually want to get on the record would be the level required in 1991 in order to maintain your current level of services. Can you give us that?

Dr. **Alexis**. Yes. If we could revisit the data I just presented with reference to what our budget request was, sum required for faculty and non-faculty salary increases, which is a critical priority for maintaining services next year, $13,500,000. The sum of $5,000,000 for new funding for the Howard University Hospital in light of the data that I just presented, and beginning a revisiting of the category called construction, where a $10,000,000 base request, we think, would get us started in the right direction.

Mr. **Stokes**. I understand that during the period that I was not here a series of questions were asked of you relative to Howard University Hospital, and you are going to expand further on that in the record, I understand?

Dr. **Alexis**. Yes, sir.

STUDENT HOUSING

Mr. **Stokes**. Then I won't go into that at this time.

Now, it is my understanding that during the summer of 1989, the University undertook measures to address the concerns of the student body regarding the generally poor physical condition of the residence halls.

What exactly did the University do in this regard, and what remains to be done?

Dr. **Alexis**. Several things were done, Mr. Stokes. In the first instance, the Howard Plaza Apartments, some new construction was completed and they were indeed occupied by our students in the fall of 1989.

During the summer of 1989, we expended in excess of $3,000,000 in a massive renovation program to our older existing dormitories. Further, in the summer of 1989, we closed Cook Hall, one of our older dormitories. It is slated for a major renovation, modernization, rehabilitation, to start within the next month or two.

The University has outlined a program of residence halls renovation that would take the greater part, I am certain, of the next 5 to 7 years, so that all of the older dormitories could be brought into a state of respectability and comfort for our students.

Mr. **Stokes**. In terms of those renovations, do you have some priorities?

Dr. **Alexis**. This year, we intend to renovate Cook Hall. Earlier, we had planned to close a dormitory each year for the purpose of having it renovated. It is clear that that was an overly ambitious plan. My best guess at this time is that we will not be able to close any dormitories during the next school year, and it would be probably in 1991 that that program could be revisited with another dormitory being closed for a full, comprehensive renovation.

Mr. **Stokes**. Dr. Alexis, can you give us some idea of what level of funding is needed in order to try and do these types of things?

Dr. **Alexis**. Yes, I will be glad to. The best estimate that we have from our own physical facilities experts on campus is that it would take in excess of $60,000,000 to bring our dormitories into a state of respectability.

SCHOOL OF LAW

Mr. **Stokes**. Can you tell us, what other needs does the University have with regard to physical facilities? What are your priorities and what level of funding would be required for them?

Dr. **Alexis**. Mr. Stokes, I would like to start with a facility that has been much written about in the local press and elsewhere, namely we have been under a great deal of pressure from both the ABA, which accredits schools of law, and the American Association of Law Schools, with reference to the construction of a new facility for the School of Law.

It was the view of accrediting visitors that the School of Law, the building of the School of Law as currently configured, does not lend itself to a legal education. Some experts who have no vested interest in the position indeed visited the law school's campus and arrived at the same conclusion.

OTHER PHYSICAL FACILITIES NEEDS

That has a price tag of somewhere between $35,000,000 and $40,000,000. The University's science facilities for biology, chemistry particularly, are in a state of shambles, not truly representative of even a mediocre university, far less than a research university.

We would like to start in the very near future on planning for the construction of a comprehensive science facility where the requirements for those three disciplines I just named could be accommodated in the same building. The price tag, as I understand it, for that one is in the $60,000,000 to $70,000,000 range.

When the liaison committee, medical accreditation, visited our college a year ago, the college received accreditation for the maximum amount of time, 7 years. But there was a notation that the laboratory facilities were felt to be inadequate for a health sciences center the size of Howard University.

Dr. Cheek at that time made a commitment to have constructed on the Howard campus a learning resources center for the health-related professions.

Finally, in terms of urgent need is a facility for the University computing equipment and personnel and activities. The Health Sciences Learning Resources Center has about a $15,000,000 to $18,000,000 estimated cost, and a figure for the computing center is not much dissimilar.

CAMPUS SECURITY/FINANCIAL AID

Mr. STOKES. When the students came up here last year, a group of them met with me, and I posed some questions to you relative to some of their concerns. One of their concerns was security on the campus; another was the timeliness of their receipt of student aid.

I wonder if you have been able to attack these two problems and what you can tell us.

Dr. ALEXIS. Yes, Mr. Stokes. With reference to security, a part of the problem at the time of the student takeover, if you wish, of the administration building last March, was that the University was engaged in some prolonged and indeed testy negotiations with the union representing the security officers. Those negotiations concluded with a mutual acceptance of the terms of a new contract.

We believe that our salary ranges put us in a competitive position in the Washington, D.C., market. The Director of Security Services has moved very, very promptly to advertise and indeed recruit new individuals to the security force, and they are in the process of doing that.

Even as we say that, though, Mr. Stokes, we remind our students and ourselves that the matter of security and safety is the responsibility of the students, the staff, and the administration. We hope, with the spirit of cooperation that I sense, that all that can be done to reduce security and safety problems will be done.

The other matter, student aid, the students were properly agitated over the delay in receiving financial aid. This summer, we launched a real assault, if you will, on the problem. We enhanced our own staff and used liberally consultants from the outside.

I guess for the first time in my memory, the University, from the administration's point of view, has done what it can do with reference to the applications that were submitted. We are in the process now of having students return additional data as lending agencies request and require additional data.

It is our feeling that by spring, we shall have completed fiscal year 1989–1990's financial aid applications and will be able to start on the applications for the next school year. So we think we have made some strides there. Much is left to be done.

The administration and certainly the Board of Trustees will be responsive to the recommendations from our consultants.

FOREIGN STUDENT SURCHARGE

Mr. **Stokes**. As a result of last year's conference report, the Department of Education was required to work with the University in developing a plan to phase-in a tuition increase for foreign students. What is the status of this plan?

Dr. **Alexis**. In consultation with the Department of Education, we are instituting a three-year phase-in period. We agreed for the next school year period, year one of the process, that there will be a 10-percent surcharge with the surcharge going to 30 percent in year two, and 50 percent in year three.

Mr. Stokes, I would like to urge that when the University is able to develop data, that you take a look at it, because we have reason to believe that when one recognizes that our students, our international, Third World students, who are not attending our institution on grants from their own governments but are sending themselves to school, that the surcharge may be counterproductive and indeed, rather than yielding additional revenue, that it may not do so.

We hope to have such data available later this year, and will present it to you.

FOREIGN STUDENTS FROM THIRD WORLD

Mr. **Stokes**. You mentioned students coming from Third World countries. Give us an idea of the countries from which your students come.

Dr. **Alexis**. Unapologetically, I note that Trinidad is at the top. Nigeria, Jamaica, Cameroon, Iran, Canada, Ethiopia, Ghana, United Kingdom, Barbados. It is Africa and the Caribbean, really. They are all debtor nations.

Mr. **Stokes**. For any of those particular countries, have you had a decrease in enrollment?

Dr. **Alexis**. Most significantly from Nigeria. Over the last 4 to 5 years, there is an apparently 50-percent reduction in enrollment. It is continuing to decline from most of the other countries that I have just enumerated, all of which quite seriously are countries that are seriously debtor nations and countries with a great deal of difficulty in terms of adequate foreign exchange, in terms of being able to afford to send their students abroad to study.

FOREIGN STUDENT EMPLOYMENT

Mr. **Stokes**. When you present this data to us later, I would be interested in knowing what type of employment is available to these students, once they get here, to further their financial aid in the school. I notice I run into a lot of people from particularly African countries driving cabs in the city.

Many of them tell me they are students at Howard. I would be interested in knowing what type of employment opportunities they do have here.

Dr. **Alexis**. We will be glad to provide that for you, sir.

FOREIGN STUDENT EMPLOYMENT

During the first year at the University, foreign students are not permitted to work, according to the Immigration and Naturalization Service. After the first year, they may apply for part-time work. Our Department of International Student Services says that most foreign students, by choice, do not work. Those who work have part-time student jobs on campus in various locations.

FOREIGN STUDENT CONTRIBUTIONS

Mr. STOKES. I have a further question on the whole subject of international students. In thinking of the whole mission of Howard University, which I think all of us agree is different from that of other universities, is that mission in some manner furthered by the presence of international students or an international student community?

Dr. ALEXIS. Mr. Stokes, we have had a lot of emphasis placed in our discussions with the Department and indeed with Congressional staff on the fiscal impact of our surcharge. Not in any way minimizing the significance of the fiscal impact, to those of us on the campus an equally large concern, if not greater concern, has to do with the impact of a loss of international students on what I call the educational environment or the educational ambience, the presence of international students on the Howard is part of the Howard experience and Howard education.

I always reflect on the fact that your former colleague in the House, Mayor Andrew Young, during his days at the United Nations, reflected so very often that it was at Howard University where he came to know many individuals who were then leaders in several African nations.

The institution points with pride to its contributions to leadership in the Third World.

HIGHER EDUCATION ACT REAUTHORIZATION

Mr. STOKES. This past fall, the Department of Education held some hearings on the reauthorization of the Higher Education Act. One issue raised by the Department related to inclusion of authorizing language for the University within the Higher Education Act.

Now, I have been posing some questions to the Department of Education relative to this issue. Part of the answer I am getting back is that there is some confusion on your part in terms of what you thought they were actually doing. What did you understand was being done, and did the University in any way participate in those hearings and with what type of commentary?

Dr. ALEXIS. What our understanding was, Mr. Stokes, was the institution, Howard University, was being placed in the universe, if you wish, and therefore in a competitive mode with the HBCUs, undesirable to HBCUs and undesirable to Howard and negative implications to both of us. We have so stated in written testimony to the Department, and if you wish, I would be glad to provide for the record a copy of the testimony that we provided.

Mr. STOKES. I would appreciate your providing that for the Committee files.

Ms. CHRISTENSEN. Mr. Stokes, I would like to clarify, when the Secretary included comments on Howard for the reauthorization hearings, the written comments, his intent was that along with the higher education programs, would be looked at with a view toward enhancing and seeing how the Federal role could more effectively service those kinds of institutions along with all of the other higher education programs.

He has gone on record as saying there was no other reason for including Howard in that request for comment.

Mr. STOKES. I think you will recall earlier this afternoon or this morning, when we had the Assistant Secretary here, I posed some questions on this matter, and you also commented. The implication was given that there was some confusion on the part of the people at Howard in terms of not understanding the thrust of what you were doing.

Ms. CHRISTENSEN. Yes, I wanted to make it clear again. There was certainly no pre-decision on what the Department's position would be with regard to Howard. It was a look at the total Higher Education Act and all of the—not necessarily just the Act—but all the higher education programs supported by the Department and with a view toward improving or seeing what needed to be done with regard to their reauthorization.

Mr. DAVIDSON. Mr. Stokes, the proposal in the Register was whether the Howard legislation, which, as you know, is a separate legislation, should be simply housed in the Higher Education Act, not that it would be merged in any way with Title III or the HBCU legislation, but simply be housed in the Higher Education Act as it currently stands, so that it might be found on the same shelf, in the same volume if somebody is interested in seeing legislation relating to higher education, and so that the Administration can look at it all as a group.

Mr. STOKES. I appreciate your clarification. However, I think you can see why I wanted the record to also reflect how Howard University and the HBCUs interpreted your action.

Ms. CHRISTENSEN. We are sorry for any misunderstanding. I know the Secretary did not intend that.

Dr. ALEXIS. We will still submit our statement.

Mr. STOKES. Thank you. I would like to have it for the record.

FACULTY/NON-FACULTY SALARIES

Are the faculty and non-faculty salaries at Howard competitive for this geographic region?

Dr. ALEXIS. Unfortunately, Mr. Stokes, they are not. There was a period 4 or 5 years ago where our faculty and staff went 2 years, as I recall, without pay increases. Once having fallen behind the curve, the process of catching up and maintaining a state of comparability has been exceedingly difficult.

This past year, we gave faculty a 7-percent salary increase, and staff a 5-percent pay increase. There are no provisions in this budget request for faculty or non-faculty pay increases. We are currently looking at the internal University budget and hope to have a budget finished by June.

A top priority certainly for the Board of Trustees and our incoming CEO will be to continue all that can be done to get faculty salaries and non-faculty salaries at Howard at a level of comparability to universities in this area and elsewhere.

Mr. **Stokes**. What is necessary to bring these salaries to a comparable level?

Dr. **Alexis**. My calculation shows that a 10-percent increase over the next minimum of 3 years, because we are always aiming at a moving target; as we increase, Georgetown and American University increase and other schools in the area do the same, so we need to have an increase above and beyond their projected increases.

That process would take probably more like 5 years before we get there.

GIFTS AND GRANTS

Mr. **Stokes**. How successful were you in increasing the level of private sector gifts and grants during fiscal year 1989, and tell us how you expect to fare in fiscal year 1990?

Dr. **Alexis**. I don't think I have such data with me, Mr. Stokes. With your kind permission, we would like to provide that for the record, those precise numbers.

[The information follows:]

Gifts and Grants

The University raised a total of $9.2 million from the private sector in 1989. We currently project a small increase in that amount in fiscal year 1990.

Dr. **Alexis**. In terms of what we see in the future, as was stated earlier today, the new President has already been handed the serious responsibility of spending a great amount of his time cultivating and fundraising in the private sector. I have no estimates as to what those numbers would look like in calendar year 1990 and beyond.

AFRICAN AMERICANS IN HIGHER EDUCATION

Mr. **Stokes**. Lastly, Dr. Alexis, I wonder if you would talk a little bit about the role of historically black institutions in addressing what I think is a national crisis. We know that minorities are not participating fully in higher education in this country.

A report issued by the American Council on Education documented this. Also, it pointed out that participation by black males has slipped alarmingly since the mid-seventies. I was a little concerned this afternoon when an Assistant Secretary from the Department of Education, Dr. Haynes, testified here at this table that it was time, he thought, for HBCUs to start standing on their own.

I think we need to put into perspective the picture of education today as it relates to minorities and the role that HBCUs play. I am particularly concerned because this gentleman was educated at Southern University and had directed some programs related to black colleges. I was rather stunned by that testimony this afternoon.

I wonder if you would put into perspective what I am talking about.

Dr. **Alexis**. A couple of points, Mr. Stokes, I don't know of any evidence that historically white colleges or universities are standing on their own. So, I don't know that it is a reasonable burden to place on the HBCUs, so I start with that point.

When one examines the attrition rate for black students, K through 12, one is alarmed at the disparity between white high school graduations and black high school graduations. The data with reference to entry into college and completion of college gives no cause for relaxation.

When one looks at the data, doctoral recipients, one looks at how black Americans have done in terms of the receipts of doctoral degrees, there is a scary and precipitous drop between the years 1977 and 1987; literally a 50-percent decline in the number of black recipients.

Further, upon examining the schools from which doctoral degrees are received by black students, one is startled to find three or four black schools carrying a disproportionate share of the burden: Howard, Atlanta U, Texas Southern and probably Meharry Medical College.

It seems to me if one looks elsewhere, black graduates, for at least at predominately white institutions and predominately black institutions, there is a startling disparity if you can get the data. It seems to me that more than ever, more today than yesterday, there is a need for our HBCUs and a continuing urgency to support our HBCUs.

DEMOGRAPHY

Mr. Stokes. I appreciate that. I guess one of my major concerns is that we are not sufficiently alarmed about what all of the major reports are telling us is going to happen in 10 years, in the next century. WorkForce 2000 tells us that the American white population is shrinking. The minority population is increasing.

By the year 2000, one-third of the new entrants into the workplace in America will be minorities. By the year 2020, 39 percent of the work force itself will be minority. Twenty-five of our largest school systems in the country today are already majority minority. By the year 2020, over 50 percent of the school age population of the whole country will be minorities.

At the same time, we are not realizing that this is going to place a greater burden upon the historically black colleges and universities if the white universities are not taking black students into their universities.

The evidence is that there is a sufficient enrollment drop since the early eighties to show there is a very real problem there.

Dr. Alexis. Drop and transfer out.

Mr. Stokes. That is right, the revolving door concept. I was in some hearings this morning with the National Science Foundation. They have just put out a new report on women and minorities. One of the interesting phenomena they showed in science and engineering is that they have been able to increase participation of women. They have been able to more than double the number of women they are now recruiting into science and engineering, but they have not been able to do the same for minorities.

Of course, they have even a bigger problem, only 6 to 7 percent of all of the seniors in American schools are prepared to go to college in science and engineering. So, we have a problem with both the black and white population that no one seems to be seriously addressing.

Ms. CHRISTENSEN. Mr. Stokes, just one clarification.

Mr. STOKES. Sure.

SUPPORT FOR HBCU'S

Ms. CHRISTENSEN. When Leonard Haynes was addressing that issue this morning, in all fairness to him, he was really explaining the difference between our request for the institutional assistance program under Title B versus the endowment program, and that we had a much larger percentage increase for that.

I don't think that there was any intent to indicate that there was any kind of lessening support by the Administration for HBCUs; to the contrary, we are increasing that every year.

I think I gave some figures this morning that said what those increases are. There is also an Executive Order the President just put out that reemphasizes the importance of HBCUs. I want to make it clear that really was not what Dr. Haynes was emphasizing at that point. He was talking about or justifying the 200-percent increase this year for the endowments for HBCUs. It is a relatively small amount of money. I don't think anybody believes HBCUs would stand on their own feet with that amount of money, but it is a beginning to help them strengthen their endowment programs so that they can have more independence and more flexibility to do the kinds of things that they can do with it.

But it is not any kind of lessening of the Administration's support for the unique role that these institutions play.

Mr. STOKES. Ms. Christensen, I would be the last person in the world who would want to be unfair to any witness who testifies here, and I never want to misquote any witness. But you were here when I asked the witness about the set-aside for HBCUs. I asked specifically, why there was no increase here.

His answer to me—and you correct me if I am wrong—his answer was that we need to take a look and evaluate these HBCUs to see if they couldn't begin to stand on their own. If I am misquoting him, then I apologize to you and to him.

I think I am quoting the record.

Ms. CHRISTENSEN. I am sure you are. What I am saying is that I think that is the whole purpose of these endowment funds, to enable them to begin to stand on their feet. It is not that we are pulling the rug from under them right now. He was just saying that that was part of the Bush initiatives, in fact, that we wanted to start this year with a $5,000,000 program and increase it to $15,000,000 next year, which is a 200-percent increase.

That would give some small growth in that area to those institutions.

Mr. STOKES. That was the same area, if you will recall, that I asked about the legislation that this provision is dependent upon and whether it was true that if the legislation did not pass, HBCUs got nothing. Do you recall you made a response about the Senate having already passed this legislation and you are hoping you are going to pass it in the House?

Ms. **Christensen**. That is right, Mr. Stokes. But even if the legislation does not go through, we still have the program in effect this year, not strictly for HBCUs, but for all developing institutions, that they would all come in for that pot of money.

We just wanted a specific set-aside for HBCUs, because they have been a high priority for the Administration, whether it is endowments or what.

Mr. **Stokes**. The important thing would be the Administration's commitment to the HBCUs, with the realization that they are not yet ready to stand on their own.

Ms. **Christensen**. That is absolutely the fact.

Mr. **Stokes**. I appreciate that, Ms. Christensen.

Let me just take this opportunity to thank you for your testimony here today and to thank Dr. Alexis and Dr. Roger Estep, who I understand will not be with us in the future. I want to personally express to both of you how much I have enjoyed working with you and the rest of the members of your Administration.

The two of you are two of the finest administrators I have ever had the privilege of working with. You are professional. You are competent, and totally loyal to this University. We have all benefited from your service over the years. I thank you very much.

Dr. **Alexis**. Thank you, Mr. Stokes.

Mr. **Stokes** [presiding]. If there is nothing further, the hearing is adjourned until 2:00 tomorrow afternoon.

[The following questions were submitted to be answered for the record:]

RETIREMENT AGREEMENTS

Mr. Natcher: Are there retirement agreements similar to Dr. Cheek's negotiated for any other staff at Howard; that is, agreements which go outside Howard's normal pension system?

Mr. Alexis: There are no retirement agreements similar to Dr. Cheek's. There are deferred compensation agreements between the University and the Interim President and some Vice Presidents which were made prior to the changes brought about by the Tax Reform Act of 1986.

VICE PRESIDENT

Mr. Natcher: Last week the President of Gallaudet testified that he had streamlined his central administration and that he had reduced the number of Vice Presidents from 5 to 3. How many vice presidents are there at Howard?

Mr. Alexis: Currently, Howard University has seven Vice Presidents. They are:

Executive Vice President (vacant)
Vice President for Student Affairs
Vice President for Health Affairs
Vice President for Academic Affairs
Vice President for Business and Fiscal Affairs
Vice President for Administration
Vice President for Development and University Relations

The University's executive organizational structure is consistent with the structure of similar doctoral level institutions with medical centers, including the selected peer institutions.

TUITION

Mr. Natcher: How does Howard's tuition compare with your peer group schools? Would it be less than half?

Mr. Alexis: For the academic year 1989-90, Howard's tuition ($4,900) was less than half of its peer institutions:

Case Western	$12,000
University of Chicago	14,895
Duke	12,800
Emory	12,250
Georgetown	13,250
Johns Hopkins	14,000
University of Rochester	13,100
Stanford	13,500
Tulane	13,300
Vanderbilt	12,625
Yale	14,000

FUNDRAISING

Mr. Natcher: As you know, this Committee has also been very concerned about your ability to raise private funds. Last year you testified that you were making progress in this area. What can you tell us about 1989 fundraising and how this compares to 1988?

Mr. Alexis: The University raised a total of $9.2 million in 1989 from the private sector compared to $11 million in 1988. The difference in the aggregate amounts for the two years is that the University did not receive contributions from any individual(s) in excess of $1 million in 1989 as it had in 1988.

It would appear that in 1989, the University was the unfortunate victim of the national philanthropic trend of a reduction in private sector contributions in support of higher education. According to the American Association of Fund Raising Counsel's (AAFRC) Trust for Philanthropy, the decline in private contributions to education in 1988 was attributable to two factors: the Tax Reform Act of 1986; and the stock market plummet of October 1987. As previously mentioned and consistent with the AAFRC's annual report of national trends, contributions by individual donors at the University declined. It is also noteworthy that among the seven categories of philanthropic giving, education ranked fourth nationally.

Historically, annual revenue from the private sector has accounted for less than 3 percent of the University's operating budget. In addition, these funds are an unpredictable revenue source to largely predicate support for the operation of this, or any other institution. The University will continue, however, to identify major donors, motivate alumni to increase the amount of their contributions to the institution, as well as increase the number of alumni who contribute to the University, as it has in the past.

Mr. Natcher: According to Howard's financial report, gifts from alumni declined in 1989 by almost one third--from $1.8 million in 1988 to $1.4 million in 1989. Is this accurate?

Mr. Alexis: The decline in the amount of funding received from alumni, $1.8 million in 1988 and $1.4 million in 1989, is correct. The decline is attributable to a decrease in the size of contributions from donors, despite the fact that the number of donors increased from 3,452 in 1988 to 4,450 in 1989.

HOWARD UNIVERSITY HOSPITAL

Mr. Natcher: Are the staffing ratios and salaries at Howard Hospital comparable to those at other District hospitals?

Mr. Alexis: Yes, staffing ratios and salaries at Howard University Hospital are comparable.

Mr. Natcher: What is the current total operating budget for the hospital and how does this compare to last year?

Mr. Alexis: The current total operating budget for Howard University Hospital is $163,049,000. The fiscal year 1989 figure was $161,767,000.

FOREIGN STUDENTS

Mr. Natcher: What portion of the student body is foreign students and how has this changed in recent years?

Mr. Alexis: As of the 1988-89 academic year, our foreign student body represented 15.8 percent of the total student population. Last year's enrollment of foreign students was one of the lowest in the previous six years.

Mr. Natcher: Have you reached agreement with the Department on the phase-in of the tuition surcharge for foreign students?

Mr. Alexis: As directed by Congress, the Department of Education and the University has agreed on a three year implementation period for a 50 percent tuition surcharge for foreign students. The agreement will impose a 10 percent surcharge in academic year 1990-91, a 30 percent surcharge in the academic year 1991-92, and finally a 50 percent surcharge in academic year 1992-93 for all foreign students entering Howard University in or after the fall 1990 semester.

Mr. Natcher: The Department has indicated that once fully implemented this surcharge will generate an additional $5.5 million of tuition income. Do you agree with this estimate?

Mr. Alexis: Because the University anticipates that international student enrollment will decline as a result of the surcharge, any additional revenue is expected to be minimal.

LAW SCHOOL CONSTRUCTION

Mr. Natcher: Your budget documents indicate that you have initiated plans to build a new law school building. What will this cost and how will it be financed?

Mr. Alexis: Preliminary cost estimates for the new law school building total approximately $41 million. At this time, the University plans to finance the construction and related costs through the issuance of tax-exempt bonds.

Mr. Natcher: Insert in the record at this point updated history tables similar to those which appear on pages 1592, 1594, and 1598 of the FY 1990 hearings.

Mr. Alexis: The update history tables are provided below:

HOWARD UNIVERSITY
Comprehensive Table
For the Ten-Year Period 1980 to 1989

Year	(1) Total Enrollment	(2) Total Operating Budget	(3) Federal Appropriations	(4) % of Federal Approp vs Operating Budget	(5) Average Tuition and Fees	(6) Private Gifts (Academic Program)
1980	11,748	$157,077,098	$121,893,000	57.2%	$1,765	$ 3,834,632
1981	12,294	155,783,370	133,983,000	65.2%	1,965	3,264,933
1982	12,338	183,242,127	145,200,000	59.8%	2,265	4,510,199
1983	12,667	197,014,124	145,200,000	62.5%	2,515	4,298,592
1984	12,890	214,420,021	156,200,000	61.8%	2,715	5,348,749
1985	12,593	214,768,153	158,230,000	60.1%	3,045	5,401,394
1986	12,277	212,221,586	157,168,000	60.9%	3,365	4,573,971
1987	12,114	225,900,084	170,230,000	62.5%	3,915	5,957,860
1988	11,865	242,224,970	172,203,000	60.2%	4,345	10,529,357
1989	12,773	273,281,667	178,973,000	55.4%	5,005	11,585,752

(1) Total headcount excluding summer school
(2) Excludes Howard University Hospital
(3) Includes Howard University Hospital
(4) Federal Appropriations for academic program as a percentage of the operating budget
(5) Averages for the undergraduate school only (includes the following fees: University, student activity and health)

HOWARD UNIVERSITY
Schedule of Current Funds Revenues
Fiscal Years Ended June 30, 1985 Through 1989

Description	1985	1986	1987	1988	1989
Tuition & Fees	$ 36,457,295	$ 39,549,468	$ 45,820,904	$ 48,976,262	$60,484,990
Federal Appropriation	133,744,500	129,216,322	142,371,771	148,779,084	154,919,215
Federal Grants and Contracts	23,176,560	23,825,742	19,752,766	21,213,026	21,343,779
State/Local Grants and Contracts	254,090	225,479	480,391	435,294	344,019
Private Gifts/ Grants	6,774,741	7,888,209	9,305,897	9,862,115	11,784,234
Endowment Income	2,061,147	2,227,759	2,074,018	2,326,292	2,181,732
Sales & Services/ Education Departments	6,014,355	10,069,856	9,771,180	10,530,414	10,633,385
Auxiliary Enterprises	8,101,166	8,541,928	9,025,578	8,803,299	10,106,697
Investment Income & Other Sources	5,230,942	1,899,826	2,888,289	2,359,062	5,957,118
Totals	$221,814,796	$223,444,589	$241,490,794	$253,284,848	$277,755,169

ANALYSIS OF DEPARTMENT OF EDUCATION/HOWARD UNIVERSITY ENDOWMENT FUND
As of February 20, 1990

FISCAL YEAR (ENDING)	APPROPRIATION	CONTRIBUTIONS RAISED	APPROPRIATION DRAWDOWN	UNEARNED APPROPRIATION (BALANCE)
9/30/85	$2,000,000	$1,466,831	$1,400,000	$600,000
9/30/86	1,914,000	763,665	700,000	1,814,000
9/30/87	2,000,000	1,278,557	1,400,000	2,414,000
9/30/88	500,000	1,048,885	600,000	2,314,000
9/30/89	1,476,000	2,067,314	2,400,000	1,390,000
9/30/90	1,500,000	1,590,826	1,600,000	1,290,000*
Total	9,390,000	8,216,078	8,100,000*	

*estimates

Mr. Natcher: Also insert at this point an updated salary comparison table similar to the table on page 1595 of the 1990 hearings.

Mr. Alexis: A listing of average faculty salaries by academic rank as of October 1, 1989 follows:

Rank	Howard	Georgetown	George Washington
Professor	$55,192	$66,500	$59,200
Associate Professor	42,379	45,200	42,300
Assistant Professor	34,177	33,000	34,700
Instructor	27,959	26,700	24,100

	Division of Academic Affairs	Division of Health Affairs
Rank	Average	Average
Professor	$55,192	$71,980
Associate Professor	42,379	50,081
Assistant Professor	34,177	41,770
Instructor	27,959	38,617

Mr. Natcher: Insert in the record at this point a separate 5-year table, FY 1986-1990, for the hospital showing:

- total revenue
- total operating budget
- level of surplus or deficit
- $ value of uncompensated care
- total number of inpatient days provided
- total number of staff expressed as full-time-equivalents

Mr. Alexis: The 5-year table is presented below:

HOWARD UNIVERSITY HOSPITAL
Comprehensive Statistical Table
1986-1990

Year	Net Revenue (000's)	Total Operating Cost W/Educ (000's)	Surplus or (Deficit)	Value of Uncompensated Care	In-Patient Days	Number of Staff (FTE)
1986	$126,403	$147,101	$ (20,698)	$ 27,786	144,993	2,888
1987	131,383	157,357	(25,974)	32,339	149,490	2,872
1988	145,072	171,487	(26,415)	31,620	148,404	2,850
1989	164,620	190,327	(25,707)	50,190	159,848	2,900
1990	158,200	211,263	(53,063)	67,949	157,051	2,900

HOWARD STUDENT BODY

Mr. Natcher: Would you review for the Committee briefly the latest data on the number of students at Howard and also tell us a little about the demographics of who these students are?

Mr. Alexis: The total enrollment for 1988-89, excluding summer, was 12,773 of which 5,494 (43%) were males and 7,279 (57%) were females. Undergraduate enrollment for 1988-89 consisted of 9,787 (76.6%) students while graduate/professional enrollment was 2,986 (23.4%).

During the year 1988-89 (including Summer, 1988) the University served a total of 13,181 regular enrollees. There were 12,773 degree-seeking students enrolled for the 1988-89 academic year (excluding Summer 1988) of whom 10,246 were degree-seeking residents of the United States, and 2,020 were degree-seeking international students who came from 107 foreign countries and constituted 15.8 percent of the total enrollment. The general geographic distribution of the 10,246 enrollees from the United States and Territories is as follows: New England States, 182, Mid-Eastern States, 3,890; Great Lakes States, 767, Plains States, 629; South-Eastern, 49; Far-Western States, 767; Guam, 1; Puerto Rico, 10; and U.S. Virgin Islands, 76. The distribution of the 2,020 International students by geographical region is as follows: Africa and Vicinity, 770; Caribbean, 781; Central America, 8; South America, 61; Europe, 77; Far East and Pacific, 128; Near and Middle East, 91; Bermuda and Canada, 104.

Mr. Natcher: How does the average family income of Howard students compare to the national average for all American families and with the average family income of all freshman students?

Mr. Alexis: The data on estimated parental income of entering freshmen, fall 1989, follows:

ESTIMATED PARENTAL INCOME OF ENTERING FRESHMEN, FALL 1989

INCOME	HOWARD
$150,000 or more	3.2%
$100,000-$149,999	5.7%
$75,000-$99,999	10.0%
$60,000-$74,999	14.9%
$50,000-$59,999	8.8%
$40,000-$49,999	8.7%
$35,000-$39,999	7.8%
$30,000-$34,999	10.0%
$25,000-$29,999	8.5%
$20,000-$24,999	9.7%
$15,000-$19,999	5.2%
$10,000-$14,999	3.1%
$6.000-$9,999	1.5%
Less than $6,000	2.8%

Note: Howard was unable to obtain data on the national average. National level data will be available in the near future from the Department's NPSAS II Survey. Comparison data will be provided at that time.

BOND AUTHORITY

Mr. Natcher: Would you review for the Committee Howard's use of its bond authority for construction and tell us whether any additional bonded projects are anticipated in the future?

Mr. Alexis: The Howard University Bond Act of 1987 authorized the University to issue $112,000,000 in tax-exempt bonds. To date, the University has issued bonds totalling $67,500,000 against the authority to finance construction of the Howard Plaza Towers, an 800 unit student housing complex. Therefore, $44,500,000 remains for use under the original bond act.

The Tax Reform Act of 1986 placed a $150 million limit on the amount of tax exempt financing that can be undertaken by non-hospital, non-profit organizations. The University has applied for an additional $38 million in authority subject to this limitation. Thus, the University has $82,500,000 in tax-exempt bond authority available.

The University plans to use this authority as follows:

New School of Law	$41,000,000
New Undergraduate Dormitory #1	23,500,000
New Undergraduate Dormitory #2	18,000,000
	82,500,000

However, assuming debt financing of these facilities, the University will encounter difficulty in meeting debt service payments without a Federal appropriation for this purpose.

The Hospital is not subject to the $150 million limit. It plans to issue tax-exempt bonds totalling $19,000,000 to finance construction of an additional clinic and office space to the existing hospital facility.

Mr. Haynes: I would like to make a clarification for the record. Before bonds can be issued, an analysis of Howard University's ability to finance these bonds must have taken place, indicating that Howard was financially able to incur the debt without the need for additional Federal assistance.

SAT SCORES

Mr. Natcher: Insert in the record at this point a simple two column, 10-year table showing average SAT math and verbal tests for entering freshmen (aggregated for Howard as a whole).

Mr. Alexis: The 10-year table follows. For further clarification, I am providing a glossary of the schools and colleges.

AH	-	Allied Health
AP	-	Architecture and Planning
ED	-	Education
EG	-	Engineering
FA	-	Fine Arts
HE	-	Human Ecology
LA	-	Liberal Arts
SB	-	School of Business
SC	-	School of Communications
SN	-	School of Nursing

MEAN SAT VERBAL SCORES OF NEW ENROLLEES BY SCHOOL/COLLEGE OVER THE LAST TEN YEARS

YEAR	AH	AP	ED*	EG	FA	HE	LA	SB	SC	SN
1979-80	369	417	---	428	359	307	393	416	445	390
1980-81	387	404	403	411	374	342	393	402	414	399
1981-82	373	396	334	419	36	321	393	405	432	412
1982-83	367	396	404	416	359	344	405	416	445	395
1983-84	376	421	376	431	328	320	405	404	452	432
1984-85	380	403	402	423	376	323	415	412	460	403
1985-86	388	398	407	436	406	346	441	416	452	420
1986-87	407	433	403	450	382	357	443	428	457	445
1987-88	409	430	397	443	372	360	442	434	447	449
1988-89	421	426	383	428	407	359	437	433	445	435

*The undergraduate program in the School of Education was upper division only, for years showing no SAT scores.

MEAN SAT MATH SCORES OF NEW ENROLLEES BY SCHOOL/COLLEGE OVER THE LAST TEN YEARS

YEAR	AH	AP	ED*	EG	FA	HE	LA	SB	SC	SN
1979-80	379	471	---	501	365	329	406	435	416	411
1980-81	389	446	386	470	366	342	392	428	401	397
1981-82	398	447	369	485	362	342	391	428	408	394
1982-83	408	444	426	484	360	378	404	439	424	436
1983-84	405	479	384	503	347	339	404	432	430	400
1984-85	399	476	380	497	370	358	432	440	442	425
1985-86	413	453	400	519	418	350	463	443	428	427
1986-87	422	471	369	516	372	367	461	455	429	431
1987-88	435	485	417	525	390	366	465	460	442	434
1988-89	454	496	379	519	393	364	458	473	450	424

RETENTION

Mr. Natcher: According to the budget documents, Howard has initiated a new program to "enhance retention" at the school. How serious is this problem?

Mr. Alexis: The scope of the problem varies from school to school within the University. Retention rate defined as the proportion of students enrolled in one academic year who return the following year varies from about 77 percent in the College of Liberal Arts to 90 percent in the College of Medicine and School of Law. Among non-returning undergraduates in the College of Liberal Arts, half were in good academic standing and did not return due to financial or other personal problems.

On the other hand, if retention rate is defined as the proportion of students who eventually graduate from the program to which they were admitted, a different picture emerges. The most recent data using this definition was compiled in 1988 by the Academic Programs Work Group for the Middle States Self Study. Using as a case study all new entrants to the College of Liberal Arts for fall 1980, it was found that 40 percent had graduated by the spring semester, 1988, while 60 percent had not yet received a degree from Howard. It is not known how many have transferred to another school and graduated. The Self Study also showed that full time "underprepared" students (i.e. those who enrolled in academic support courses) had a graduation rate of 60 percent. This statistic appears to demonstrate the effectiveness of our academic support programs and suggests that the overall retention rate can be improved if these programs can be made available to more students. Full-time "prepared" students showed a graduation rate of 49 percent, which is better than the overall graduation rate, but lower than the graduation rate for "underprepared" students who enjoyed the benefits of both full-time status and Howard's academic support programs.

CONSTRUCTION

Mr. Natcher: Insert in the record at this point a summary table of Howard's construction needs identifying those which you consider the most compelling.

Mr. Alexis: The University construction needs are summarized as follows:

New Construction - $167,000,000

Comprehensive Sciences Center	$60,000,000
New Dormitories	44,000,000
Law School Center	41,000,000
Health Sciences Learning Resource Center	15,000,000
University Computer Center	7,000,000
	167,000,000

Mr. Natcher: Are any of the unfunded construction projects related to safety problems which you would characterize as serious?

Mr. Alexis: None of the construction projects relate to the safety of the existing physical environment. However, in addition to the construction needs, the University has deferred maintenance problems totalling approximately $50 million, many of which if not addressed will pose serious threats to the health and safety of the University community.

Mr. Natcher: Insert in the record at this point a history table of all construction funding since 1970 including construction financed with bonds.

Mr. Alexis: The history table is presented below:

HOWARD UNIVERSITY
Construction Funding 1970 - 1990

Year	Federal Appropriation	Bond Financed
1970	$30,410,000	-0-
1971	1,000,000	-0-
1972	2,490,000	-0-
1973	8,408,000	-0-
1974	-0-	-0-
1975	12,500,000	-0-
1976	10,000,000	-0-
1977	2,500,000	-0-
1978	3,925,000	-0-
1979	10,000,000	-0-
1980	10,000,000	-0-
1981	10,240,000	-0-
1982	13,500,000	-0-
1983	-0-	-0-
1984	-0-	-0-
1984(supp)	1,490,000	-0-
1985	-0-	-0-
1986	-0-	-0-
1987	-0-	$67,500,000
1988	-0-	-0-
1989	-0-	-0-
1990	-0-	
Total	116,463,000	67,500,000

STUDENT AID

Mr. Conte: How will the University's student body be affected by the Department's proposed FY 91 student aid budget?

Mr. Alexis: Federal student aid programs continue to serve as the mainstay of the financial aid program at Howard University. Of the $33,193,483 in aid awarded during the 1987/88 academic year, (the last year for which complete data are available) $19,223,983 or 58 percent was derived from federally supported programs, the balance provided through a combination of institutional funds and private donor contributions.

The Title IV aid programs are the primary sources of Federal aid available to assist students in financing postsecondary education. These programs include the College Work-Study, Supplemental Educational Opportunity Grants, Perkins Loan, and Stafford Loan programs, as well as the Parent Loan for Undergraduate Student and Supplemental Loan for Students programs. Ninety-six percent of the Federal aid dollars awarded to our students are from these sources. Aid in process for 1989-90 through Title IV programs is approximately $27.5 million dollars.

The Administration's proposals for student financial aid funding will cause a financial hardship on Howard's student body.

For many, a Howard education would not be affordable.

The funding level proposed for the Pell Grant program will result in the elimination of eligibility for students in all but the very lowest income categories. Approximately one-third of our Pell recipients may be so affected even though family income may be in the $20,000 range. Some 3,018 Pell grants totaling $5,157,900 are currently in process for the 89/90 school year.

By regulation the Pell grant serves as the floor award for receipt of other Title IV campus-based funds, (SEOG, CWS, and Perkins). Elimination of Pell eligibility for students who would ordinarily be priority candidates for campus-based aid packaging leaves little in the way of alternate funding to satisfy the demonstrated need of this group.

Proposed funding for the Stafford Loan program would prove extremely harmful to our aid population. For the 1989/90 academic year over 4,000 applications for loans are in process. The dollar value of these loans is in excess of $15.5 million. Some 57 percent of Federal aid recipients are assisted through this program with over half of the borrowers being graduate and professional level students. A reduction of 24 percent as proposed by the Administration would indeed be crippling.

Proposed funding for the Perkins loan program would mean no increase in the number of Perkins Loans awards or in the value of such awards since no Federal monies would be allocated. Awards to students would be possible only through recycling of repaid loan funds.

The State Student Incentive Grant program (SSIG) provides funding for approximately 350 students each academic year. The program is targeted to needy students and is funded through a match of Federal dollars by State program funds. Grants range in value from $600 to $2,400. No Federal dollars are being proposed for this program. It is unlikely that State programs will be able to fill the Federal dollar void.

Projected average costs for 1990/91 for on-campus undergraduate students are $12,379. With the maximum Pell award maintained at $2,300, the neediest aid recipients will need roughly $10,000 in additional resources to meet these costs. Funding must be increased in order for the University's mission to be maintained.

Mr. Haynes: I would like to clarify for the record the Department's FY 1991 proposals for student financial aid. The Administration has not proposed a reduction to the Pell Grant program, in either funding or recipients. The Administration has actually proposed to increase Pell Grants, resulting in an additional 175,000 recipients, as well as to level fund SEOG and Work-Study, and to zero fund Perkins Loan Federal Capital Contributions and SSIG.

Reductions in funding for the Guaranteed Student Loan programs in fiscal year 1991 are primarily the result of a decline in the interest subsidy payments to lenders based on the Administration's

Treasury bill rate projections. The decline in interest subsidies will not affect the amount of aid available to students. In fact, the Department projects an increase of $54 million in loan volume for the Guaranteed Student Loans in 1991.

LOAN DEFAULT RATE

Mr. Conte: You've had a good loan default rate in the past. What is the current loan default rate for your student body?

Mr. Alexis: The loan default rates at Howard University are listed below:

Stafford Loans (formerly Guaranteed Student Loans) and Supplemental Loans (SLS) Must be less than 20%	14.7%
Perkins Loans (loan program default rate must be less than 7.5%)	4.9%
*Medicine Loan Program	1.5%
*Dentistry Loan Program	3.5%
*Pharmacy Loan Program	0.8%
*Nursing Diploma Loan Program	0.0$
*Nursing baccalaureate Loan Program	2.9%

*Default rate must be less than 5%

DEFERRED MAINTENANCE

Mr. Conte: Deferred maintenance is an issue that frequently comes up. Last year Dr. Cheek submitted a priority list of deferred maintenance needs at the University. How has that list changed?

Mr. Alexis: Two items on last year's list have been funded by University sources. See revised schedule below:

Deferred Maintenance - $12,833,500

	FY 1990	FY 1991	FY 1992	Total
Roofs - Repair selected roofs	$300,000	---	---	$300,000
Power Plan Improvement	1,000,000	$2,000,000	$2,000,000	5,000,000
Elevator replacements (selected buildings)	500,000	1,000,000	1,000,000	2,500,000
Correct safety hazards (Select buildings)	250,000	500,000	---	750,000
Replace steam traps and condensate lines (main campus)	500,000	725,000	---	1,225,500
Repair of breeching	683,000	---	---	683,000
Replace A/C units (select buildings)	125,000	---	---	125,000
Window replacment - Phase I (campus-wide)	500,000	1,200,000	500,000	2,200,000
Dental Building - Replace vacuum system	50,000	---	---	50,000
Total	3,908,000	5,425,500	3,500,000	12,833,500

ACCREDITATION

Mr. Conte: Last year Howard worked to overcome several accreditation deficiencies. What is the status of this process? Are there any areas that still need attention? What recommendations did the accrediting group make?

Mr. Alexis: Last year, the most severe accreditation deficiency in the Academic Affairs Division was in the school of Law. The AALS/ABA had found the physical facilities housing the Law School to be inadequate and stipulated that the facilities must either be substantially renovated or new facilities built. Subsequently, the University secured the advice of consultants experienced in the law school facilities. Based upon their recommendation, the University has decided to build new facilities. A contract has been signed with an architect to design the building.

The accrediting agency for School of Engineering, had noted the lack of definite plans for repair, maintenance, and refurbishing of laboratories. In response, the school developed a five-year plan and has received appropriate recurring funding.

Last year, certain programs in the School of Business and the College of Fine Arts were under one year continuing review by the respective accrediting agencies. These programs have since been accredited for the full term. At this time, no programs are under continuing review or deferred review, but enjoy full accreditation by the respective specialized bodies.

In April 1989, the University was visited by the Middle States Association of Colleges and Schools, and as a result its accreditation was reaffirmed. The site visit team made a number of recommendations for the University to consider, but noted that most of these had already been noted by the Self Study Project. The recommendations related to situations which are common to similar complex universities, such as deferred maintenance and staff support. A Task Force has been appointed to monitor the implementation of over 200 recommendations made by the Self Study Project and the visiting team.

A survey team of this Liaison Committee on Medical Education (LCME) which represents the Association of American Medical Colleges and the Council on Medical Education of the American Medical Association conducted an accreditation site visit of the College of Medicine during the period November 16-19, 1987. The LCME voted to continue to full accreditation of the College of Medicine for the next seven (7) years with the next survey scheduled to occur during the 1994-95 academic year.

The College of Medicine has developed a plan to address its significant problems. Included among these are the concerns which were identified by the accrediting body. There have been some improvements in these areas as indicated below:

a. The leaking roofs in the experimental animal quarters and library have been repaired.

b. Better coordination of book requirements and schedules has resulted in improved bookstore service to students. This concern requires and will receive constant surveillance.

c. The University Student Health Service has established an appointment system through which more responsive service is provided to students. Hepatitis B vaccine is made available to students who desire it through the Student Health Service.

d. A plan for a learning resource center for the Division of Health Sciences has been developed and presented to the University administration.

e. All of the departmental chairmanships which were vacant and noted during the site survey have been filled.

f. Faculty salary increases have provided slight improvements in the salary of our faculty with respect to comparable salaries within the region. However, our salaries continue to be significantly lower. Additionally, funds are not adequate to increase faulty size so as to provide adequate sequestered time for faculty to conduct research activities.

RETENTION

Mr. Conte: What is the retention rate at Howard? What have you done to improve retention?

Mr. Alexis: Howard's retention rate for the undergraduate program averaged 77 percent. For the professional programs, 90 percent. The University has instituted programs to increase the retention rate. One of the programs is a counseling and tutorial assistance program, on the undergraduate and graduate level, that provides academic services in mathematics, English and proper study skills.

HIGH-ABILITY STUDENTS

Mr. Conte: What are you doing for your high-ability students?

Mr. Alexis: The University has provided trustee scholarships and fellowships for all of its schools and colleges. Also, there is an Honors program, a graduate student assistant remission of tuition program, and grants-in-aid for recruitment of high ability students.

DR. CHEEK

Mr. Conte: Dr. Cheek retired last year. What is the nature of his relationship with the University? How much compensation does he receive?

Mr. Alexis: Dr. Cheek serves as President Emeritus of the University. Dr. Cheek is provided office space on the University Campus. He does not receive compensation.

JUSTIFICATION OF THE BUDGET ESTIMATES

DEPARTMENT OF EDUCATION

Howard University

Fiscal Year 1991 Budget Request — Page No.

Appropriation language.. L-1

Language analysis.. L-2

Amounts available for obligation............................... L-3

Budget authority by activity................................... L-4

Budget authority by object..................................... L-4

Summary of changes... L-5

Authorizing legislation.. L-6

Table of estimates and appropriations.......................... L-7

Significant items in congressional appropriations reports......... L-8

Justification:

Account summary.. L-10

Activities:

1. Academic program.. L-12
2. Endowment grant... L-16
3. Research.. L-18
4. Howard University Hospital.............................. L-20

HOWARD UNIVERSITY

For partial support of Howard University (20 U.S.C. 121 et seq.), [$184,446,000] $185,446,000, of which [$1,500,000] $4,500,000 shall be for a matching endowment grant to be administered in accordance with the Howard University Endowment Act (Public Law 98-480) and shall remain available until expended. (Department of Education Appropriations Act, 1990; additional authorizing legislation to be proposed for $4,500,000.)

Howard University

Language Analysis

Language Provision	Explanation
...of which [$1,500,000] $4,500,000 shall be for a matching endowment grant to be administered in accordance with the Howard University Endowment Act (Public Law 98-480) and shall remain available until expended.	This language provides $4,500,000 for the Howard University endowment matching grant program in 1991, under the terms and conditions of the Howard University Endowment Act, and makes these funds available until expended.

Howard University

Amounts Available for Obligation

	1989	1990	1991
Appropriation:			
Annual	$178,479,000	$182,446,000	$185,446,000
Reappropriation (P.L. 100-436).	494,000	—	—
Subtotal, adjusted appropriation	178,973,000	182,446,000	185,446,000
Unobligated balance available, start of year	1,814,000	1,390,000	—
Unobligated balance, end of year.	-1,390,000	—	—
Total obligations	179,397,000	183,836,000	185,446,000

Howard University

Budget Authority by Activity

	1989 Appropriation	1990 Appropriation	1991 Request
1. Academic program............	$151,357,000	$155,306,000	$155,306,000
2. Endowment grant.............	1,482,000	1,500,000	4,500,000
3. Research....................	4,730,000	4,730,000	4,730,000
4. Howard University Hospital..	20,910,000	20,910,000	20,910,000
Subtotal..................	178,479,000	182,446,000	185,446,000
Reappropriation for endowment grant	494,000	—	—
Total.....................	178,973,000	182,446,000	185,446,000

Budget Authority by Object

	1989 Appropriation	1990 Appropriation	1991 Request
Grants, subsidies, and contributions..............	$178,973,000	$182,446,000	$185,446,000

Howard University

Summary of Changes

1990 Appropriation....................................	$182,446,000
1991 Request..	185,446,000
Net change...............	+3,000,000

	1990 base	Change from base
Increases		
Program:		
1. Increased funding for the endowment grant program to help Howard increase its financial strength and reduce its dependency on Federal funds.............	$1,500,000	+$3,000,000
Net change...		+3,000,000

Howard University

Authorizing Legislation

Activity	1990 Authorized	1990 Appropriation	1991 Authorized	1991 Appropriation
1. Academic program (20 U.S.C. 123)	Indefinite	$155,306,000	Indefinite	$155,306,000
2. Endowment grant (P.L. 98-480) 1/	---	1,500,000	To be determined	4,500,000
(20 U.S.C. 123) 2/	Indefinite	---	Indefinite	---
3. Research (20 U.S.C. 123) 2/......	Indefinite	4,730,000	Indefinite	4,730,000
4. Howard University Hospital (20 U.S.C. 128).......	Indefinite	20,910,000	Indefinite	20,910,000
Total definite authorization..................	---		---	
Total appropriation...........		182,446,000		185,446,000

1/ For FY 1991, additional authorizing legislation will be proposed to reauthorize the Howard University Endowment Act (P.L. 98-480, Title II).

2/ The Howard University endowment grant is authorized under the general authority for Howard University (20 U.S.C. 123) Section 8. Detailed requirements were contained in P.L. 98-480, which amended the general authority.

Howard University

Table of Estimates and Appropriations

	Budget Estimate to Congress	House Allowance	Senate Allowance	Appropriation 1/
1982	$153,199,000	$147,280,000	$147,280,000	$145,200,000
1983	145,200,000	145,200,000	145,200,000	145,200,000
1984	159,720,000	161,900,000	152,000,000	156,200,000
1985	158,230,000	158,230,000	158,230,000	158,230,000
1986	151,230,000	164,230,000	158,230,000	164,230,000
1986 Sequester				-7,062,000
1986 Proposed Rescission	-5,699,000	—	—	—
1987	157,170,000	170,230,000	162,170,000	170,230,000
1988	170,230,000	179,865,000	174,230,000	172,203,000
1989	175,647,000	180,647,000	176,147,000	178,479,000
1989 Reappropriation	500,000	500,000	—	494,000
1990	184,904,000	184,904,000	178,928,000	182,446,000
1991	185,446,000			

1/ Reflects enacted supplementals, rescissions and reappropriations in amounts appropriated prior to fiscal year 1985.

Howard University

Significant Items in Congressional Appropriations Reports

Item	Action taken or to be taken
1990 House Report	
The Committee requests that the Secretary of Education conduct a full audit of administrative costs total compensation of senior staff compared with other private and public universities, and to submit a report to the House and Senate Committee and to the Howard Trustees no later than February 15, 1990.	The report is in preparation; a preliminary briefing will be given to Committee staff by March 1, 1990.
The Committee recommends that a 50-percent tuition surcharge be imposed on all new foreign students accepted after October 1, 1989.	Howard University is developing a plan to implement the foreign student tuition surcharge over a 3-year period beginning in academic year 1990-1991.
The Committee requests that Howard include in its 1991 budget justification a review of the research funds received from all sources over the last few years and estimates for 1990 and 1991.	A detailed breakdown for 1985 through 1991 has been requested from Howard University and will be forwarded to the Committee as soon as it is received.
1990 Senate Report	
The Senate Committee concurs with the House on the imposition of a tuition surcharge for foreign students; however, the Senate directs that the Department and Howard University develop a plan for a multi-year phase-in of the surcharge.	Howard University is developing a plan to implement the foreign student tuition surcharge over a 3-year period beginning in academic year 1990-1991.

Howard University

Significant Items in Congressional Appropriations Reports

Item	Action taken or to be taken
1990 Conference Report	
The Conference report provides for a 50-percent tuition surcharge to be phased in over a 3-year period. The Conference directs that the Secretary of Education and Howard University jointly develop procedures for implementing the surcharge and submit a report to the Senate and House Appropriations Committees by January 1, 1990.	Howard University is developing a plan to implement the foreign student surcharge over a 3-year period. The report is in preparation and will be submitted shortly.

Howard University

Account Summary

	1989 Appropriation	1990 Appropriation	1991 Request
1. Academic program........	$151,357,000	$155,306,000	$155,306,000
2. Endowment grant.........	1,482,000	1,500,000	4,500,000
3. Research................	4,730,000	4,730,000	4,730,000
4. Howard University Hospital............	20,910,000	20,910,000	20,910,000
Subtotal.........	178,479,000	182,446,000	185,446,000
Reappropriation for endowment grant.......	494,000	—	—
Total.............	178,973,000	182,446,000	185,446,000

For 1991, the Department requests $185,446,000 for Howard University, an increase of $3 million over the 1990 appropriation. The Department's long-term goal is to encourage Howard University's financial strength and stability and to reduce its dependence on the direct Federal appropriation; therefore, funding for endowment grants is requested to be increased by $3 million. All other programs are requested for level-funding at the 1990 level.

In fiscal year 1990, approximately 98 percent of Howard University's total enrollment is composed of minority students. The enrollment of minorities in postsecondary education is key to their personal economic success, to the growth of the American economy, and to promoting social justice in this country. The Department's support for Howard University reflects this Administration's continuing commitment to improving educational opportunities for minorities, as indicated in Executive Order 12320. The direct Federal appropriation to Howard University in 1989 accounted for approximately 65 percent of the University's educational and general (E&G) expenditures in that year.

Beginning in fiscal year 1990 and continuing into 1991, the Department will oversee a number of actions designed to increase accountability in Howard's use of Federal funds. The House Appropriations Committee has requested the Department to conduct a full audit of administrative costs at Howard, including total compensation of senior staff compared to other private and public universities and to report the finding to the Congress and Howard's Board of Trustees by March 1, 1990. The Department and Howard will assess the conclusions developed in that report and take necessary actions.

Howard University

Account Summary

In response to the Department's recommendation, the House Appropriations Committee in its FY 1990 report recommended that Howard adopt a tuition surcharge of 50 percent for all new foreign students accepted after October 1, 1989 (FY 1990). In FY 1989, the Federal subsidy per foreign student was $15,944. With approximately 16 percent of Howard's 1990 enrollment comprised of foreign students, once fully implemented this surcharge will raise an estimated $5.5 million in increased tuition revenue at Howard. The University is currently developing a plan to implement the surcharge in stages over a 3-year period beginning in academic year 1990-1991. For 1991, the Department will continue to support this policy and will work with Howard to ensure its implementation.

Howard University

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1. Academic program
   (20 U.S.C. 123)

1991 Authorization: Indefinite

Budget authority:

1990 Appropriation	1991 Request	Increase or Decrease
$155,306,000	$155,306,000	---

Purpose and Method of Operation

Howard University, located in Washington, D.C., has 18 schools and colleges. It maintains a comprehensive program in undergraduate liberal arts instruction and also offers programs at the undergraduate professional, graduate and graduate professional levels. Howard University offers the Master's degree in over 85 fields and the Doctor of Philosophy degree in 24 fields.

To support its academic programs, the University provides library services, administrative support, and research opportunities for approximately 13,000 students. These programs and services support the University's goal of expanding the opportunities of graduates, particularly minorities, in fields in which they are still underrepresented.

In fiscal year 1989, the direct Federal appropriation provided approximately 65 percent of the educational and general (E&G) costs of the University's programs. This percentage has decreased from 69 percent in 1988 because of Howard's increased expenses, including faculty salary raises and support for maintenance of dormitories and the Office of Research Administration.

In academic year 1988-1989, 59 percent of all full-time Howard University students received approximately $18.4 million through the Federal student aid programs, and the University received an additional $22.7 million through other Federal grant and research programs.

The Academic Program is a current-funded activity for which funds are available from October 1 to September 30.

Accomplishments

During the last year, Howard worked to remedy accreditation deficiencies in a number of key areas:

- The University-wide self-study required by the Middle States Association of Colleges and Schools as part of the reaffirmation of

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Accomplishments -- Continued

the accreditation process was completed and submitted in the spring of 1989. Full accreditation for another 10 years was granted by the Association in December 1989. The report submitted by their site visit team identified many strengths of the University and cited no significant deficiencies. The University has established a task force to ensure implementation of the recommendations made in the site team report and in the self-study.

- Several schools received accreditation confirmation in 1989, including the School of Architecture, the School of Education, and the Department of Drama.

- To comply with an accrediting agency stipulation, the University is proceeding into the design phase of a new facility for the School of Law.

The University has also focused on enhancing its curricula, improving its facilities, and providing an enriched and supportive environment for students:

- The Center for Academic Reinforcement began a weekend program called "Gaining the Competitive Edge," designed to enhance student retention. The program includes counseling, tutoring, and small group instruction.

- The Department of Journalism inaugurated several new programs in advertising education.

- The School of Continuing Education sponsored a Magazine Publishing Procedures Institute.

- The School of Education formed a partnership with the J.C. Nalle Elementary School in the District of Columbia. The Partnership will provide educational counseling, staff development, and cultural enrichment for the staff, faculty, and students of J.C. Nalle Elementary School.

- The Graduate School of Arts and Sciences established a Primary Core Facilities Program to encourage more efficient, collaborative, and multidisciplinary use of basic research laboratories and equipment.

Grants from the Federal Government, industry, and private citizens have enabled Howard to offer support and enhanced academic programs to high ability students. A $2 million dollar grant from a private donor established an Undergraduate Honors Program in the School of Communications, and also made possible a Distinguished Visiting Professor Program in communications. The School of Law began a Minority Fellows Program in 1989, which provides significant financial assistance throughout the 3-year program for students with high scores on the LSAT.

Howard University

1. Academic program

1991 Budget Proposal

The 1991 request for Howard University's academic program is $155,306,000, the same as the 1990 appropriation. This maintained level of support would assist in continuing to eliminate accreditation deficiencies in the University and in helping Howard meet operating expenses.

The accrediting body for the School of Engineering noted that engineering faculty salaries have not kept pace with inflation or the market and recommended the addition of full-time faculty and decreasing reliance on visiting faculty. To decrease its reliance on loaned professors, the School of Engineering is now actively recruiting for new faculty. The undergraduate curriculum would continue to include social sciences and humanities courses as a response to a recommedation from the accrediting body.

The College of Medicine recently was granted the normal 7-year extension of accreditation based on progress in addressing current accreditation deficiencies. Among continued areas of concern are limitations on faculty research opportunities due to excessive teaching demands and limited financial resources to support faculty increases, ancillary activities, and research. To address excessive teaching demands, funds would be used to increase the size of basic science and clinical faculty, and to increase faculty salaries. Even though Federal support is proposed at the same level as in FY 1990, the University is estimating $6.9 million in increased revenue from sources other than the direct Federal appropriation. These additional "other" revenues will help to support additional faculty as well as faculty and non-faculty salary increases.

In FY 1991, Howard will continue to focus on management improvements, accreditation deficiencies, and support for student services. At the direction of the Congress, the Department in 1990 will conduct a full audit of administrative costs at Howard, including total compensation of senior staff compared to other private and public universities. In response to the results of this audit, the Department and Howard beginning in 1990 and continuing into 1991, will seek ways to decrease the University's administrative overhead.

Impact Data	1989	1990	1991
Academic program:			
Total number of students.........	13,181	12,880	13,000
Full-time students...............	9,629	9,405	9,765
Full-time undergraduate students.	7,730	7,555	7,625
Black undergraduate students.....	8,688	8,490	8,569
Black graduate students..........	2,045	1,999	2,017

Howard University

1. Academic program

Impact Data — Continued	1989	1990	1991
Other minority undergraduate students	78	77	77
Other minority graduate students	99	97	98
Foreign undergraduate students	1,285	1,255	1,267
Foreign graduate students	799	781	789
Undergraduate Federal student Aid	$9,782,000	$10,275,000	$10,800,000
Graduate Federal student aid	$8,675,000	$9,100,000	$9,565,000
Undergraduate non-Federal student aid	$13,636,000	$14,590,000	$15,600,000
Graduate non-Federal student aid	$5,246,000	$5,615,000	$5,950,000
Undergraduate students with family income less than $40,000	8,123	8,325	8,325
Graduate students with family income less than $40,000	1,086	1,108	1,108
Ph.D.'s awarded to black students	40	41	41
Ph.D.'s awarded to other minority students	2	2	2
Ph.D.'s awarded to foreign students	30	30	28
Expenditures on instruction	$96,419,000	$110,000,000	$111,500,000
Total amount of expenditures	$232,261,000	$257,928,000	$275,500,000
Revenue from tuition and fees	$43,331,000	$50,533,000	$59,508,000
Tuition and fees as percentage of total revenues	17.6%	19.6%	21.6%
Total non-Federal revenue	$94,843,000	$102,622,000	$120,194,000
Total amount of revenue	$246,200,000	$257,928,000	$275,500,000

2. Endowment grant
(P.L. 98-480)

1991 Authorization: To be determined 1/

Budget Authority:

1990 Appropriation	1991 Request	Increase or Decrease
$1,500,000	$4,500,000	+$3,000,000

1/ Additional authorizing legislation to be proposed.

Purpose and Method of Operation

Howard University's matching endowment grant program is designed to assist the University in meeting its future needs and to reduce long-term Federal funding requirements by stimulating private contributions to build the University's endowment. Howard receives these Federal funds as an endowment grant provided that it matches the grant through non-Federal contributions. The endowment fund generates income from low-risk investments which can be used to support operating programs, salaries, services, construction, or research. Up to 50 percent of the income earned each year can be withdrawn to meet University operating costs. Funds appropriated for this activity are available until expended.

Accomplishments

Of the $9,390,000 appropriated for the endowment fund between 1985 and 1990, the University has matched $6.5 million--$1.4 million in 1985, $700,000 in 1986, $1.1 million in 1987, $900,000 in 1988, and $2.4 million in 1989 ($1 million of which is from one donor).

In 1989, the University reported that there were approximately 51,500 Howard alumni but only 7 percent of these alumni contributed, with an average annual gift of $511. Howard University raised $1 million and $1.8 million from alumni in fiscal years 1987 and 1988 respectively. A portion of these funds went to the Endowment fund.

1991 Budget Proposal

The 1991 request for the endowment fund is $4.5 million, an increase of $3 million over the 1990 appropriation. As in the 1990 President's budget request, funds are requested to remain available until expended. The request for the endowment fund is intended to increase the non-Federal revenues of Howard University and decrease the University's dependence on the direct Federal appropriation.

Howard University

1. Endowment grant

1991 Budget Proposal — Continued

To provide incentives for increased non-Federal contributions to the Howard endowment, the Department will again recommend, as it did for 1989 and 1990, legislation supported by Howard University to provide for a two-to-one (Federal to non-Federal) rate of matching for all non-Federal endowment contributions in excess of $1 million each year and a three-to-one rate of matching for such contributions in excess of $2 million each year. In recognition of the need to increase non-Federal revenue sources, the University Board of Trustees has appointed a Comprehensive Fiscal Plan Committee that will have responsibility for identifying new sources of financial support for the University. The University is developing an active Board of Trustees who will play a major role in improved fundraising efforts, particularly organizing gifts from alumni.

Impact Data	1989	1990	1991
Endowment:			
Matching funds raised (est.)....................	$2,400,000	$2,300,000	$2,500,000
Percentage of total revenue from endowment income....................	.30%	.33%	.31%
End of fiscal year value of matching endowment fund......................	$13,173,000	$15,673,000	$18,000,000
End of fiscal year total value of endowment fund......................	$64,149,000	$66,149,000	$68,149,000
End of fiscal year total value of endowment fund (including funds not federally matched)..................	$77,322,000	$81,822,000	$86,730,000
Amount of revenue from endowment income..........	$744,000	$850,000	$850,000

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3. Research
(20 U.S.C. 123)

1991 Authorization: Indefinite

Budget authority:

1990 Appropriation	1991 Request	Increase or Decrease
$4,730,000	$4,730,000	—

Purpose and Method of Operation

Federal funding of research activities was first proposed in 1985 as a supplement to improve Howard's capacity to compete for and acquire research grants. The research activity funds post-doctoral fellowships, primarily in scientific disciplines, and laboratory equipment. Howard University's research activity is current funded; funds are available from October 1 to September 30.

Accomplishments

In fiscal year 1989, Howard University established an Office of Research Administration within the Office of the Executive Vice President to increase the research activity and productivity of the Howard faculty in all of the University's schools and colleges. The Office of Research Administration has responsibility for: (1) increasing the research activity in all of the University's academic programs by increasing the size and scope of research grants and contracts; (2) monitoring research performance on a University-wide basis; (3) providing assistance to faculty in preparing research proposals; and (4) recommending research priorities. In addition, this Office will enhance the pre- and post-award administration of the University's grants and contracts program by decreasing the length of time required to transmit grant and contract applications to external funding sources; expediting the acquisition of research equipment, supplies, and personnel; and securing services for the repair and renovation of research-related physical facilities.

Federal appropriations have provided Howard University with funds to purchase research equipment, renovate laboratories, and support multi-disciplinary research activities, including individual faculty research projects. These activities, in turn, have substantially increased Howard's capacity to compete for research grants.

Howard University

3. Research

1991 Budget Proposal

The 1991 budget request of $4,730,000 for Howard University research is the same as the 1990 appropriation level. The Department supports the use of a Federal appropriations for research to enable Howard University to compete successfully for research grants. Accreditation boards for the College of Medicine, Schools of Law and Engineering, and other Howard schools have identified deficiencies in research productivity and opportunities among faculty, as well as deficiencies in research facilities. Continued research support will assist in eliminating such shortcomings.

Impact Data	1989	1990	1991
Expenditures on research..........	$19,572,000	$24,302,000	$29,032,000
Expenditures on new equipment.....	1,700,000	2,000,000	2,100,000
Expenditures on renovation........	1,030,000	1,200,000	1,300,000
Revenues from restricted grants and contracts:			
Federal.......................	18,000,000	18,000,000	19,000,000
Non-Federal...................	12,100,000	12,800,000	13,500,000
Revenues from unrestricted grants and contracts:			
Federal.......................	4,730,000	4,730,000	4,730,000
Non-Federal...................	211,000	220,000	230,000

4. Howard University Hospital
(20 U.S.C. 128)

1991 Authorization: Indefinite

Budget Authority

1990 Appropriation	1991 Request	Increase or Decrease
$20,910,000	$20,910,000	---

Purpose and Method of Operation

Howard University Hospital serves as a major acute and ambulatory care center for the inner city of Washington, D.C. It is a 516-bed inpatient hospital with emergency facilities, and it operates 74 specialty clinics in its Ambulatory Care Department. It is a major teaching facility that trains physicians in 19 specialty areas. In addition, the Hospital serves as a laboratory for numerous nursing and other paramedical trainees from both Howard University and other training institutions. It continues to provide leadership in many areas, most notably in the fields of radiation therapy, organ transplant, and renal dialysis. Operations of the Hospital are partially financed by the Federal appropriation and by receipts from medical services rendered by group and individual hospitalization insurance policies, funds supplied by the Medicare program, and contractual agreements for patient care services with the District of Columbia government and other local jurisdictions.

Howard University Hospital is a current-funded activity for which funds are available from October 1 to September 30.

Accomplishments

The following are recent accomplishments of the Health Affairs Division:

- The Department of Physical Therapy, the Pediatric Residency Training Program in the Department of Pediatrics, the residency program in the Department of Dermatology, the Internal Medicine Program, and the College of Nursing received full accreditation in 1989.

- To reduce the attrition rate among entering students, the College of Allied Health Sciences instituted a new 5-year curriculum. Early indications are that the new curriculum has enabled 81 percent of students with academic difficulties to continue their studies.

- Seventy-one percent of students in the College of Nursing passed the State board licensing examination—a significant improvement over 1988's pass rate of 57 percent.

Howard University

4. Howard University Hospital

1991 Budget Proposal

The 1991 budget request for the Howard University Hospital is the same as the 1990 appropriation level. The 1991 request for level funding continues the policy of the Congress, stated in the law that transferred Freedman's Hospital to Howard University, that the Hospital facilities become progressively more self-supporting.

Impact Data	1989	1990	1991
Percentage of revenue from Federal appropriation....	14.8%	11.9%	9.0%
Percentage of revenue from other Federal sources (Net Medicare and Medicaid revenue)......................	31.2%	32.8%	33.0%
Percentage of revenue from patients.................	54.0%	55.3%	58.0%

WEDNESDAY, FEBRUARY 28, 1990.

RESEARCH, STATISTICS, AND IMPROVEMENT OF PRACTICE

WITNESSES

CHRISTOPHER T. CROSS, ASSISTANT SECRETARY FOR EDUCATIONAL RESEARCH AND IMPROVEMENT

MILTON GOLDBERG, DIRECTOR, OFFICE OF RESEARCH

EMERSON J. ELLIOTT, ACTING COMMISSIONER, NATIONAL CENTER FOR EDUCATION STATISTICS

NELSON C. SMITH, DIRECTOR, PROGRAMS FOR THE IMPROVEMENT OF PRACTICE

SALLY H. CHRISTENSEN, DIRECTOR, BUDGET SERVICE, OFFICE OF PLANNING, BUDGET AND EVALUATION

CAROL A. CICHOWSKI, DIRECTOR, SPECIAL EDUCATION, REHABILITATION AND RESEARCH ANALYSIS, BUDGET SERVICE

Mr. NATCHER. At this time we take up the budget request for the fiscal year 1991 for the Research, Statistics and Improvement of Practice account. We have before the committee Mr. Christopher Cross, the Assistant Secretary for Educational Research and Improvement.

Mr. Cross, before you give us your statement, tell us who you have with you there at the table.

Mr. CROSS. Yes, Mr. Chairman.

I am sorry if we gave you the impression that we were not going to show up. We were cutting things a little close. On my right are Carol Cichowski who heads the Budget Service Division that deals with our area and Sally Christensen, Director of the Budget Service. You know both of them. To my immediate left is Dr. Milton Goldberg, Director of the Office of Research. On Milt's left is Emerson Elliott, Acting Commissioner of the National Center for Education Statistics, and on the far left is Nelson Smith, the Director of Programs for the Improvement of Practice.

Mr. NATCHER. We are delighted to have all of you before the committee.

Now, Mr. Cross, we will be pleased to hear from you concerning your request.

Mr. CROSS. Thank you, Mr. Chairman.

We are pleased to be here today to talk about our request for 1991 for research and statistics. As you know, we are requesting an increase of nearly $80,000,000. This increase addresses a disparity between supply and demand. The education information coming out of the federal education R&D system is simply not satisfying the demand for it.

One reason is inadequate support. Of the $353,000,000,000 we are spending as a nation on education this year, only about .04 percent goes to education R&D. Compare that to American business, which annually invests some 2 percent of sales into R&D. "No single feature of the education system is more shocking to business leaders," says Xerox chairman David Kearns, "than low levels of education research spending." Or compare spending on education research with spending on medical research. The Nation devotes about 2 percent of total health care spending to medical research, more than 50 times, in terms of share of total expenditures, our spending on education research.

Since 1973, the decline in funding for education R&D supported by the Office of Educational Research and Improvement and its predecessor agency, the National Institute of Education, has been dramatic. Our appropriations for R&D have declined to only 41 percent of the fiscal year 1973 level while all spending in the United States for education has climbed to over 400 percent of the 1973 level. The attached chart graphically depicts the marked decline of education R&D funding contrasted with the steady growth of overall spending in education. During the 1980s, while federal support for education R&D declined—by 33 percent, in constant dollars, between 1980 and 1987 according to the General Accounting Office—education reform activity soared to a level unprecedented at any time in this nation's history. Thus, while our opportunity to learn from educational experiments rose, our capacity to learn from those changes fell.

Also during the 1980s, there was a tremendous increase in both the perceived usefulness of education R&D and in the demand for more of it. For instance, in the Governor's 1986 report, "Time for Results", Governor Clinton wrote that, "To restructure schools, we must use what we know from research about effective schools and effective leadership." Schools have indeed been using such research. The GAO reports that more than 40 percent of the nation's school districts have implemented some kind of effective schools program.

Other kinds of education research also have informed important policy decisions. California's Superintendent of Public Instruction, Bill Honig, led the revision of the State's new guidelines for selecting reading textbooks, guidelines that have received wide praise, guidelines that were, says Honig, "built * * * around the [reading] research." Honig is now using education research to alter student assessment fundamentally. Today, more than ever, policymakers consult and use education R&D as a basis for decisions.

Still, a common complaint is that R&D has made little difference at the classroom level. While it is true that, in the past, R&D has not made nearly enough of an impact on student and teacher performance, developments in recent years suggest that this is changing. Four of the Nation's largest school districts are returning decisionmaking authority to the school site; educators from California to Maine are scouring research and using its findings to "restructure" their schools; and nearly a dozen States are making or considering major changes in the ways they assess learning. However, a recent GAO report of the effects of education reform indicates that some districts improved, while others did not. Research into why and how reforms work is desperately needed. Thus, it is hardly surprising that calls for increases in education R&D are heard from virtually all quarters. Those who have called for such increases include leaders of both major teacher unions, governors and legislators, CEOs, college deans, scholars, journalists, various national councils and commissions, including the Council on Competitiveness and the Commission on Workforce Quality and Labor Market Efficiency, the "New Republic"—the list goes on.

The growth in demand for information from education R&D has accelerated to a feverish pace in the months since President Bush and the Governors set in motion a process for establishing national education goals. Those goals require various yardsticks for measuring progress toward them, yardsticks that are currently only partially in place. Mr. Chairman, the capacity of the current education R&D system to supply research findings and statistical data is nowhere near what the public wants or what the Nation requires if we are going to advance toward the new goals. That is why we are seeking a major increase in Federal support of education R&D. As the President and the Governors reaffirmed in Charlottesville, supporting research and development is a major component of the Federal role in education. We are anxious to carry out our responsibility.

Our 1991 plan sets forth the first step of a multi-year strategy for addressing the disparity between the supply of information coming out of the Federal education R&D system and the demand for it, and refocusing American education on performance and results. By providing such focus, through R&D, the Federal Government can encourage and enable States and communities across the country to discover what works to strengthen the educational performance of youngsters and adults. Our request is one that I believe has the bipartisan support of Governors, chief State school officers, State legislators, education leaders, business leaders, and others dedicated to improving American education. Let me outline it in four categories: statistics, assessment, research, and initiatives of the President.

Our $41,500,000 request for Statistics, an 83 percent increase over the 1990 level, would permit us to continue strengthening the Nation's answers to urgent questions such as: Who drops out of school and why? What are the characteristics of the U.S. teacher workforce? What are the various policies and practices in schools? What courses do students take? How many postsecondary degrees are being earned in science, engineering, and other critical disciplines? In addition, this request would support efforts to assist States in improving the comprehensiveness, comparability, and timeliness of State-level data—an improvement upon which the quality of data at the national level depends. Also, the budget would continue extension of the Nation's education data base into important areas where, today, scant, if any, data exist—early childhood education, international comparisons, adult out-of-school education, and other areas.

While the National Assessment of Educational Progress, NAEP, is the best available measure for gauging the Nation's progress toward performance goals in education, NAEP alone is not enough. Additional "pictures" of America's education performance are needed. For example, we intend to support design work and field testing for the first comprehensive adult literacy study in 15 years and the administration of two international studies of students and schooling, one of reading literacy across 37 countries and one of mathematics, science, and geography achievement across 21 nations. These adult literacy and international snapshots will supply critical pieces to the larger, overall picture of educational achievement in America. Our 1991 request also includes support for the census mapping project.

Secondly, our $18,900,000 request for Assessment, which is a $1,800,000 increase over the 1990 level, would support our ongoing contract for conduct of the 1990 and 1992 cycles of the National Assessment of Educational Progress, which as you know include the collection of State representative data for the first time. It would also support costs of the National Assessment Governing Board and the statutorily required validation and evaluation studies. In 1991, we hope to work with the Governing Board and other groups to begin to explore the feasibility of expanded and regular State testing of students in more subjects and at more grade levels, and toward broadening NAEP to measure student competence in thinking and problem solving. These improvements are vital to building a baseline that Americans can use to monitor progress toward national goals and to make mid-course corrections as we pursue those goals.

We are seeking a 10 percent increase over the 1990 appropriation for Research. Of the $61,300,000 we are requesting, a major portion would support the national R&D centers, regional laboratories, and ERIC. Seven currently funded national R&D centers will continue in 1991. Two major competitions will be announced very soon, one to establish 19 new national R&D centers, the other to award contracts for 10 regional education laboratories, including one devoted solely to serving the Pacific Basin. These new awards will begin in 1991. As in the past, the regional labs will carry out rural education activities. While plans are to continue research to improve the teaching and learning of math, science, and writing, new issues will also be addressed by national R&D centers, issues that include adult literacy; education in the inner cities; families, communities and young children's learning; and the organization and restructuring of schools. We are working with other Federal agencies, including the Departments of Labor and Health and Human Services and the National Endowment for the Arts, to arrange our joint support of some of the centers addressing new issues.

Another of our priorities in 1991 is to support the development of alternative approaches for assessing student learning, approaches more valid and useful than today's standardized tests, approaches that States, local school systems, and teachers may adapt and use to measure the thinking, problem solving, and other "higher order" competencies universally desired in American students, workers, and citizens. In 1991, we also hope to sponsor investigations, conferences, and publications that help people at the State and local level overcome chronic roadblocks to student learning. How can parent involvement be increased, for instance, particularly among hard-to-reach parents? What characteristics and conditions are essential to the effectiveness of teachers, and how can those be developed?

What are the obstacles to better performance in reading, writing, mathematics, science, history, and other core disciplines? These are a few of the questions we will address.

We also are seeking funding for four specific initiatives of the President, each of which responds to a major educational challenge. A $25,000,000 Principal Training initiative would improve the preparation of school principals by using excellent principals to train and mentor prospective ones. Mr. Chairman, as educational decisions continue to be shifted out of central offices and into the individual schools themselves, and as education systems increasingly seek to involve teachers in making those decisions, new and creative leadership will be needed in schools. Today's principals have not typically been trained to provide such leadership. Because principals are in a unique position to improve the performance of schools, we must provide outstanding educational leadership training.

The $5,000,000 Dropout Prevention initiative would be used to establish a national center and to conduct both long- and short-term research that enhances our understanding of how to increase student learning and to encourage students to stay in school and earn diplomas. These efforts would inform and build upon various other dropout prevention efforts currently underway, with the ultimate aim being to identify conditions essential to success in educating and keeping at-risk students in school. They would be designed to yield results that teachers, guidance counselors, principals, and others could use to make schools engaging places where students are motivated to learn.

The $3,000,000 Evaluation of Reform initiative would support up to a dozen evaluations of various reforms with which States and school districts have experimented these past few years. Aimed to identify elements critical to improving student learning, these evaluations would illuminate which reform approaches are capable of producing what particular changes.

We are requesting $20,000,000 for an Education Summit Follow-Up initiative, which would permit us to strengthen the usefulness of the Nation's education data base for tracking progress toward the national education goals. This will require that a number of gaps in data and research be closed. For instance, although a goal has been set with regard to school readiness—a worthy and, I believe, necessary goal—at this time, no adequate measures of school readiness exist. Nor do we have an understanding of the full range of activities by which parents can promote it. With regard to other goals, the Nation needs more precise data on minority dropouts and better procedures for ensuring the technical quality of international studies. We need a clearer sense of which kinds of business involvement actually promote student learning.

Mr. Chairman, let me mention an activity that cuts across our activities in statistics, assessment, research, and the President's initiatives: dissemination. Our 1991 plan will generate more and better information than ever about how to improve education. However, the real value of that information will not be realized unless we vastly improve our capacity to deliver such information and assistance to teachers, administrators, parents, business people, and others who can use it. Our efforts to disseminate information must involve more than merely supplying information. They must include the provision of technical assistance and whatever else it takes to see that research makes a measurable impact on student and adult learning, that it makes things happen in education.

We are developing a national strategy for dissemination, a strategy that will assure access to and availability of reliable information about education as well as assistance to diverse groups in making good use of that information. Once in place, this strategy will employ new approaches, and approaches that we have not been able to undertake on an adequate scale. It will include exhibits, demonstrations, and workshops across the country for policymakers and their staffs. It will include campaigns to reach practitioners, parents, community leaders, representatives of the private sector, and others—campaigns to share information about the latest research and how it can be used to reduce dropout rates, restructure schools, improve science teaching and learning, and address a host of other issues.

One of our 19 new national R&D centers will support that work. Its mission will be to furnish national leadership in making education R&D "user friendly" and to determine how R&D findings can be presented in formats or ways that increase their use and that actually lead to better educational decisions and behaviors on the part of teachers, students, parents, policymakers, and other potential beneficiaries of education R&D.

Our dissemination initiative will strengthen our own activities, and it will also involve other offices of the Department and other Federal agencies as well—the Department of Energy, the Department of Labor, the National Science Foundation, and others. Our goal is a Federal-wide effort to share information to improve teaching and learning in America. My aim is to open a number of information-and-assistance "channels" to serve parents, principals, teachers, business people, community leaders, and other decisionmakers in America's statehouses, schoolhouses, and homes.

We also intend to explore the uses of advanced information technologies in each of the four areas I have outlined today. Technology will be an important tool for delivering education information to teachers, parents, principals, and others directly responsible for improving student learning. For instance, Al Shanker recently proposed a national data base that might "list the materials and the technology available to help kids learn about the Declaration of Independence or interest rates or how thermometers work" or any other topic. "National data bases are available in almost every other field of endeavor," he pointed out, "why not one for teachers?"

Mr. Chairman, decisionmakers across the country want and need more information on education than ever before. Our request will help bring the supply in line with the demand. It will help States and communities advance toward the Nation's education goals. And it will help us as a Nation, as President Bush put it, "make an American education the best in the world."

I would also like to call your attention to the chart we have over here on the easel, which shows that since 1973 funding for education R&D at the Federal level has declined to less than 50 percent of what it was in 1973, while total spending on education has increased more than 400 percent. Over the years, as this chart shows very clearly, a substantial data gap has emerged. My colleagues and I stand ready to answer your questions.

[The information follows:]

DEPARTMENT OF EDUCATION

Statement by

Christopher T. Cross
Assistant Secretary for
Educational Research and Improvement

on

Research, Statistics, and Improvement of Practice

Mr. Chairman and Members of the Committee:

I appreciate the opportunity to appear before you today to discuss the 1991 budget for research and statistics. This is an exciting time for education. The President's Education Summit with Governors has resulted in national goals in education and is generating tremendous momentum toward improving education. As the Joint Statement issued at the conclusion of the Summit indicates, there is an important role for the Federal Government in providing research and development for programs that work, good information on the real performance of students, schools, and States, and assistance in replicating successful State and local initiatives all across the United States.

Toward that end, our request of $174.7 million for research and statistics would enable us to make a significant contribution to the improvement of American education. However, before I provide more details about how these funds would help improve America's educational performance, let me set the stage with a brief explanation of why we are requesting an increase of almost $80 million. In simplest terms, it addresses a disparity between supply and demand. The education information coming out of the Federal education R&D system is simply not satisfying the demand for it.

One reason is inadequate support. Of the $353 billion we are spending as a Nation on education this year, only about .04 percent goes to education R&D. Compare that to American business, which annually invests some 2 percent of sales into R&D. Xerox, according to Chairman David Kearns, plows between 5 and 7 percent of yearly revenues into R&D. "No single feature of the education system is more shocking to business leaders," says Kearns, "than low levels of education research spending." Or compare spending on education research with spending on medical research. The Nation devotes about 2 percent of total health care spending to medical research, more than 50 times, in terms of share of total expenditures, our spending on education research.

Since 1973, the decline in funding for education R&D supported by the Office of Educational Research and Improvement and its predecessor agency, the National Institute of Education, has been dramatic. Our appropriations for R&D have declined to only 41 percent of the fiscal year 1973 level while all spending in the United States for education has climbed to over 400 percent of the 1973 level. The attached chart graphically depicts the marked decline of education R&D funding contrasted with the steady growth of overall spending in education. During the 1980s, while Federal support for education R&D declined--by 33 percent (in constant dollars) between 1980 and 1987, according to the General Accounting Office--education reform activity soared to a level unprecedented at any time in this Nation's history. Thus, while our opportunity to learn from educational experiments rose, our capacity to learn from those changes fell.

Also during the 1980s, there was a tremendous increase in both the perceived usefulness of education R&D and in the demand for more of it. For instance, in the Governors' 1986 report, Time for Results, Governor Clinton wrote that, "To restructure schools, we must use what we know from research about effective schools and effective leadership." Schools have indeed been using such research. GAO reports that more than 40 percent of the Nation's school districts have implemented some kind of effective schools program.

Other kinds of education research also have informed important policy decisions. California's Superintendent of Public Instruction, Bill Honig, led the revision of the State's new guidelines for selecting reading textbooks, guidelines that have received wide praise, guidelines that were, says Honig, "built...around the [reading] research." Honig is now using education research to alter student assessment fundamentally. Today, more than ever, policymakers consult and use education R&D as a basis for decisions.

Still, a common complaint is that R&D has made little difference at the classroom level. While it is true that, in the past, R&D has not made nearly enough of an impact on student and teacher performance, developments in recent years suggest that this is changing. Four of the Nation's largest school districts are returning decisionmaking authority to the school site; educators from California to Maine are scouring research and using its findings to "restructure" their schools; and nearly a dozen States are making or considering major changes in the ways they assess learning. However, a recent GAO report of the effects of education reform indicates that some districts improved, while others did not. Research into why and how reforms work is desperately needed. Thus, it is hardly surprising that calls for increases in education R&D are heard from virtually all quarters. Those who have called for such increases include leaders of both major teacher unions, Governors and legislators, CEOs, college deans, scholars, journalists, various national councils and commissions, including the Council on Competitiveness and the Commission on Workforce Quality and Labor Market Efficiency, The New Republic --the list goes on.

The growth in demand for information from education R&D has accelerated to a feverish pace in the months since President Bush and the Governors set in motion a process for establishing national education goals. Those goals require various yardsticks for measuring progress toward them, yardsticks that are currently only partially in place. Mr. Chairman, the capacity of the current education R&D system to supply research findings and statistical data is nowhere near what the public wants or what the Nation requires if we are going to advance toward the new goals. That is why we are seeking a major increase in Federal support of education R&D. As the President and the Governors reaffirmed in Charlottesville, supporting research and development is a major component of the Federal role in education. We are anxious to carry out our responsibility.

Our 1991 plan sets forth the first step of a multi-year strategy for addressing the disparity between the supply of information coming out of the Federal education R&D system and the demand for it, and refocusing American education on performance and results. By providing such focus, through R&D, the Federal Government can encourage and enable States and communities across the country to discover what works to strengthen the educational performance of youngsters and adults. Our request is one that I believe has the bipartisan support of Governors, chief State school officers, State legislators, education leaders, business leaders, and others dedicated to improving American education. Let me outline it in four categories: statistics, assessment, research, and initiatives of the President.

Statistics

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While the National Assessment of Educational Progress (NAEP) is the best available measure for gauging the Nation's progress toward performance goals in education, NAEP alone is not enough. Additional "pictures" of America's education performance are needed. For example, we intend to support design work and field testing for the first comprehensive adult literacy study in 15 years and the administration of two international studies of students and schooling, one of reading literacy across 37 countries and one of mathematics, science, and geography achievement across 21 nations.

Assessment

Our $18.9 million request for Assessment, which is a $1.8 million increase over the 1990 level, would support our ongoing contract for conduct of the 1990 and 1992 cycles of the National Assessment of Educational Progress, which as you know include the collection of State representative data for the first time. It would also support costs of the National Assessment Governing Board and the statutorily required validation and evaluation studies. In 1991, we hope to work with the Governing Board and other groups to begin to explore the feasibility of expanded and regular State testing of students in more subjects and at more grade levels, and toward broadening NAEP to measure student competence in thinking and problem solving. These improvements are vital to building a baseline that Americans can use to monitor progress toward national goals and to make mid-course corrections as we pursue those goals.

Research

We are seeking a 10 percent increase over the 1990 appropriation for Research. Of the $61.3 million we are requesting, a major portion would support the national R&D centers, regional laboratories, and ERIC. Seven currently funded national R&D centers will continue in 1991. Two major competitions will be announced very soon, one to establish 19 new national R&D centers, the other to award contracts for 10 regional education laboratories, including one devoted solely to serving the Pacific Basin. These new awards will begin in 1991. As in the past, the regional labs will carry out rural education activities. While plans are to continue research to improve the teaching and learning of math, science, and writing, new issues will also be addressed by national R&D centers, issues that include adult literacy; education in the inner cities; families, communities and young children's learning; and organization and restructuring of schools. We are working with other Federal agencies, including the Departments of Labor and Health and Human Services and the National Endowment for the Arts, to arrange our joint support of some of the centers addressing new issues.

Another of our priorities in 1991 is to support the development of alternative approaches for assessing student learning, approaches more valid and useful than today's standardized tests, approaches that States, local school systems, and teachers may adapt and use to measure the thinking, problem solving, and other "higher order" competencies universally desired in American students, workers, and citizens. In 1991, we also hope to sponsor investigations, conferences, and publications that help people at the State and local level overcome chronic roadblocks to student learning. How can parent involvement be increased, for instance, particularly among hard-to-reach parents? What characteristics and conditions are essential to the effectiveness of teachers, and how can those be developed? What are the obstacles to better performance in reading, writing, mathematics, science, history, and other core disciplines? These are a few of the questions we will address.

Presidential Initiatives

We also are seeking funding for four specific initiatives of the President, each of which responds to a major educational challenge. A $25 million Principal Training initiative would improve the preparation of school principals by using excellent principals to train and mentor prospective ones. Mr. Chairman, as educational decisions continue to be shifted out of central offices and into the individual schools themselves, and as education systems increasingly seek to involve teachers in making those decisions, new and creative leadership will be needed in schools. Today's principals have not typically been trained to provide such leadership. Because principals are in a unique position to improve the performance of schools, we must provide outstanding educational leadership training.

The $5 million Dropout Prevention initiative would be used to establish a national center and to conduct both long- and short-term research that enhances our understanding of how to increase student learning and to encourage students to stay in school and earn diplomas. These efforts would inform and build upon various other dropout prevention efforts currently underway, with the ultimate aim being to identify conditions essential to success in educating and keeping at-risk students in school. They would be designed to yield results that teachers, guidance counselors, principals, and others could use to make schools engaging places where students are motivated to learn.

The $3 million Evaluation of Reform initiative would support up to a dozen evaluations of various reforms with which States and school districts have experimented these past few years. Aimed to identify elements critical to improving student learning, these evaluations would illuminate which reform approaches are capable of producing what particular changes.

We are requesting $20 million for an Education Summit Follow-Up initiative, which would permit us to strengthen the usefulness of the Nation's education database for tracking progress toward the national education goals. This will require that a number of gaps in data and research be closed. For instance, although a goal has been set with regard to school readiness--a worthy and, I believe, necessary goal--at this time, no adequate measures of school readiness exist. Nor do we have an understanding of the full range of activities by which parents can promote it. With regard to other goals, the Nation needs more precise data on minority dropouts and better procedures for ensuring the technical quality of international studies. We need a clearer sense of which kinds of business involvement actually promote student learning.

Dissemination

Mr. Chairman, let me mention an activity that cuts across our activities in statistics, assessment, research, and the President's initiatives: dissemination. Our 1991 plan will generate more and better information than ever about how to improve education. However, the real value of that information will not be realized unless we vastly improve our capacity to deliver such information and assistance to teachers, administrators, parents, business people, and others who can use it. Our efforts to disseminate information must involve more than merely supplying information. They must include the provision of technical assistance and whatever else it takes to see that research makes a measurable impact on student and adult learning.

For these reasons, we are beginning development of a national strategy for dissemination that will assure access and availability of reliable information about education as well as assistance to diverse groups in making good use of that information. Once in place, this strategy will employ new approaches, and approaches that we have not been able to undertake on an adequate scale. It will include exhibits, demonstrations, and workshops across the country for policymakers and their staffs. It will include campaigns to reach practitioners, parents, community leaders, representatives of the private sector, and others--campaigns to share information about the latest research and how it can be used to reduce dropout rates, restructure schools, improve science teaching and learning, and address a host of other issues.

One of our 19 new national R&D centers will support our work. Its mission will be to furnish national leadership in making education R&D "user friendly" and to determine how R&D findings can be presented in formats or ways that increase their use and that actually lead to better educational decisions and behaviors on the part of teachers, students, parents, policymakers, and other potential beneficiaries of education R&D.

Our dissemination initiative will strengthen our own activities, and it will also involve other offices of the Department and other Federal agencies as well--the Department of Energy, the Department of Labor, the National Science Foundation, and others. Our goal is a Federal-wide effort to share information to improve teaching and learning in America. My aim is to open a number of information-and-assistance "channels" to serve parents, principals, teachers, business people, community leaders, and other decisionmakers in America's statehouses, schoolhouses, and homes.

We also intend to explore the uses of advanced information technologies in each of the four areas I have outlined today. Technology will be an important tool for delivering education information to teachers, parents, principals, and others directly responsible for improving student learning. For instance, Al Shanker recently proposed a national database that might "list the materials and the technology available to help kids learn about the Declaration of Independence or interest rates or how thermometers work" or any other topic. "National databases are available in almost every other field of endeavor," he pointed out, "why not one for teachers?"

Mr. Chairman, decisionmakers across the country want and need more information on education than ever before. Our request will help bring the supply in line with the demand. It will help States and communities advance toward the Nation's education goals. And it will help us as a Nation, as President Bush put it, "make an American education the best in the world."

My colleagues and I will be happy to respond to any questions you may have.

DEPARTMENT OF EDUCATION

Office of Educational Research and Improvement

Biographical Sketch

NAME : Christopher T. Cross

POSITION : Assistant Secretary for Educational Research and Improvement

BIRTHPLACE AND DATE : Lakewood, Ohio, May 30, 1940

EDUCATION : Whittier College, B.A., 1962
California State University, Los Angeles, M.A., 1970

EXPERIENCE

October 1989-Present : Assistant Secretary for Educational Research and Improvement
U.S. Deparment of Education

January-October 1989: Vice Chairman, Macro Systems, Inc., Silver Spring, Maryland

1983-1988 : President, 1985-1988, Executive Vice President, 1983-1985,
University Research Corporation, Center for Human Services,
Bethesda, Maryland

1980-1983 : Manager, Federal Systems, Westinghouse Information Services
Westinghouse Learning Corporation, Washington, D.C.

1978-1980 : Director, Washington Office Operations/Policy Analysis
Abt Associates, Inc., Washington, D.C.

1972-1978 : Republican Staff Director and Senior Education
Consultant

Committee on Education and Labor, United States House of Representatives,
Washington, D.C.

1970-1972 : Deputy Assistant Secretary for Legislation (Education)
U.S. Department of Health, Education, and Welfare
Washington, D.C.

PROFESSIONAL MEMBERSHIPS : Executive Committee, Professional Services Council, 1980-Present, Chair,

PROFESSIONAL MEMBERSHIPS (continued)

Secretary, Board of Trustees, Council for Excellence in Government, 1986-1989

Chair, Lab Review Panel, U.S. Department of Education, 1987-1989

National Research Council Panel of the National Academy of Sciences on Education Evaluation, 1979-1981

American Society of Training and Development, 1984-1989

U.S. Chamber of Commerce, Council on Procurement Policy, 1985-1989

OTHER PROFESSIONAL ACTIVITIES AND AWARDS:

Frequently testified before both Houses of Congress on issues of Federal education policy, education research policy and procurement, 1984-1989

The Secretary's Special Citation from HEW Secretary Elliot L. Richardson, 1973

Speaker or panelist at annual conference for a number of major associations

Numerous citations from Professional Services Council for industry leadership in areas related to Federal procurement

Team Captain, The Prune Book, Center for Excellence in Government, 1988, Madison Books

Numerous publications and presentations related to education research, policy, and procurement issues

[Recess.]

GROWTH IN RESEARCH ACCOUNT

Mr. Natcher. The committee will come to order.

Now, Mr. Cross, according to our records funding for the research account has already grown by 50 percent between fiscal year 1987 and fiscal year 1990 from $63,000,000 a year to over $96,000,000 a year.

The President's 1991 budget increases take it up another 48 percent up to a total of $175,000,000. Mr. Cross, about every hour during the evening, television networks carry a public service announcement featuring a national education leader who says to us, "Please, no more studies."

Maybe you have seen that Mr. Cross. Now if you will tell us why this increase should go here in your office rather than in to direct service programs like Chapter I. What about this, Mr. Cross?

Mr. Cross. Mr. Chairman, I think one of the problems that we have here is that this account is really inaccurately titled. It is an account that is more properly called Data Collection and School Improvement, because the major components of the account really focus on those areas.

You mentioned the growth in our budget between 1987 and the current year. Most of that growth has come because there has been a recognition by your committee and by the Senate and I think the whole education community that we do not have an adequate data base of information.

We don't have yet the kind of data we need to really assess what the problems are, to tell us where to target our resources, to tell us exactly what is happening out there in the country.

To give you an example, Mr. Chairman, one of the issues the President and the Governors have talked about and which has been of concern to many, many people is the whole math and science area. A report was done recently by the chief State school officers about teachers of math and science teaching out of their area of expertise. In other words, they were never qualified to teach math and science.

In one State, 44 percent of the science teachers were teaching out of their area. Having that data is very important to being able to structure a program and activities to improve that situation.

The increase we are requesting is, as you say, about $80,000,000. That will bring the total for this account up to less than half of the increase requested for Chapter I for this fiscal year. My point is that although the percentage increase may be large, the base is very small.

Therefore, anything we do in terms of adding money here is going to look rather large on a percentage basis, but the dollars are not large, and the investment is very important for enabling the policymakers of this country, as well as the parents and business leaders, to have information to know and understand better what is going on in the schools and how to make them better.

DEPARTMENT-WIDE R&D FUNDING

Mr. **Natcher**. How much is requested in other appropriation accounts for research projects, evaluations or special studies? Can you give us any information along that line?

Ms. **Cichowski**. Mr. Natcher, I think approximately $160,000,000 is being requested throughout the department for research and development activities.

Mr. **Natcher**. When you get the transcript back, put in a full description on those amounts and where they go.

Ms. **Cichowski**. Yes, sir.

[The information follows:]

Research, Development, and Evaluation Activities

The following table shows spending by the Department for research, development, and evaluation activities broken down by appropriation account.

	1989	1990	1991
Compensatory education for the disadvantaged	$4,900,000	$5,800,000	$9,400,000
School improvement programs	3,900,000	6,000,000	6,700,000
Bilingual and immigrant education	2,600,000	2,600,000	2,600,000
Education for the Handicapped	26,900,000	27,900,000	27,900,000
Rehabilitation services and handicapped research	54,500,000	58,100,000	56,600,000
Special institutions for the handicapped	4,600,000	5,100,000	5,800,000
Vocational and adult education	15,400,000	16,400,000	9,100,000
Higher education	1,900,000	2,400,000	2,500,000
Howard university	2,900,000	2,900,000	2,900,000
Research, statistics, and improvement of practice	27,700,000	32,700,000	39,100,000
Libraries	300,000	300,000	300,000
Program administration	22,500,000	29,800,000	38,200,000
Total	168,100,000	190,000,000	201,100,000

RESEARCH IN FOREIGN COUNTRIES

Mr. **Natcher**. Mr. Cross, can you give us some idea of how much other countries spend on government-sponsored education research, countries such as Japan and Germany. Can you give us any idea about what the countries are spending?

Mr. **Cross**. Mr. Chairman, we will provide for the record what information we can. We will need to go to OECD and a couple of other organizations to try to find that.

[The information follows:]

Government-Sponsored Research in Foreign Countries

The Department has not been able to identify comparable data on government spending by foreign countries for education research.

NEED FOR INVESTMENT IN R&D

Mr. **Cross**. Let me just add that in my former life back at HEW in the late 1960s and early 1970s, I was involved in the creation of what was then NIE. I remember the hearings that Chairman Brademas had with the Education and Labor Committee.

He did some research at that point on that issue. The other countries you mentioned were making significantly larger investments on education research. David Kerns, Chairman of the Xerox Corporation, has been one of the most articulate spokesmen for the need to have more research in education. He uses the analogy of a business like Xerox, or any other big business, that wants to stay competitive in the world today needing to make an investment in its future.

That investment is in how to change. Education can't stand still. In order for it to move ahead and be better, we have to have a base of information that helps us know what to do better.

That is what the investment in this account is all about, and that is why a company like Xerox invests in research. That is why I think the expenditure here is well warranted.

STATE SPENDING FOR RESEARCH

Mr. NATCHER. Your statement here indicates that the Governors support research. Can you tell us how much the States are spending on education research in 1990 and how this compares to last year? Do you have any figures on that?

Mr. CROSS. No, I don't, Mr. Chairman, but let me present you with what I think the problem is.

Research is not generally broken out as a research line item. For example, in something like a State department of education, if they have a reading program, they may have a small component that does evaluation or research, but the funding is not broken out separately, so you don't see it separately.

The other part of this is that Governors, State legislators, the chief State school officers and others have all come to the agreement, and certainly you can test this as you have public witnesses, that the proper role for the Federal Government is to do research.

If it is done at the local level or State level, you end up inventing the wheel in several different places. There is no reason why Massachusetts and Kentucky should be doing the same kind of research, coming from the same sources of information, if it can be done more effectively at the Federal level.

The Governors are very supportive of this area, and these other organizations I mentioned are as well. The public service announcement you mentioned earlier has been sponsored by the National Education Association. I am told that the NEA has a research department that is probably about as big as the research department in the Department of Education.

TIMELINESS OF RESEARCH

Mr. NATCHER. One of the most common criticisms of past research is that it is not done in a timely manner. An example of this, Mr. Cross, is the vocational educational assessment which costs $5,000,000 and was submitted after the House had already passed the vocational education reauthorization.

Is this a valid criticism?

Mr. CROSS. I think there is a problem with completing research in a timely manner. That is something that we are trying to take many steps to address and to be sure that it does, in fact, reach the Congress, the policymakers, and people in the field more quickly.

It is not only that it reach people more effectively and quickly, Mr. Chairman, but also that it is understandable to people and can be interpreted in a way that people can make use of it.

Mr. NATCHER. Mr. Conte, I yield to you.

Mr. CONTE. Thank you, Mr. Chairman.

Welcome back, Mr. Cross.

Mr. CROSS. Thank you.

FORMULA FOR R&D INVESTMENT

Mr. CONTE. As a person in charge of statistics, you have probably heard that nothing in education is as astonishing as the amount of facts that are accumulated. Mr. Cross, it is good to have you here today.

Mr. Cross, in your testimony you said that good businesses invest about 2 percent of their budgets in research and development, R&D, and that there are calls from all quarters for more R&D. Applying that formula to the education budget means research should cost $492,000,000. If research is so important and you have so much broad based support, why are you only requesting an $80,000,000 increase to $175,000,000?

Mr. CROSS. I think there is a problem of being able to handle an increase in an efficient and effective manner. Some of the increase that is in the request for next year is not, I should point out, just research, and it is not just statistics.

As I said earlier, this account is really not well titled because one-third, almost half, of the increase in the budget for next year is for special items like principal training, the drop out program, evaluation of experiments that are going on in the field, and the post-summit follow up. The principal training program is a $25,000,000 line item, almost one-third of the increase. That is a demonstration program aimed at improving the effectiveness of principals.

We think it will be very useful in that regard. Although I would hope over a period of time you entertain opportunities for us to get to $492,000,000, I think $80,000,000 in one year is about as much as we can absorb.

Mr. CONTE. You are in the business of collecting and disseminating information. What is the bottom line? Why is better information dissemination worth $175,000,000?

Mr. CROSS. Well, let me give you an example. You all know the Governors have just left town after their meeting. They met with the President and adopted their goals. You have seen, I am sure, the goals which were adopted by the Governors and the President. They are all couched in the year 2000. It is true almost beyond question that in the year 2000 not one Governor who sits today will be a Governor then.

Certainly George Bush will not be President then. Constitutionally, he cannot be. So, the issue is how do we hold the Nation accountable and concerned about these educational goals over the next 10 years? I believe that can only be done if you get information out to people so that they can hold the elected and appointed leadership of this country accountable. That means they have to get data they can use and understand; they have to know how their schools are doing. They have to know the quality of what happens when teachers teach out of field.

They need this information. If they have that, then I think we can begin to see the changes in education which this country needs.

SUMMIT FOLLOW-UP

Mr. CONTE. You pointed out the last decade featured an unprecedented amount of attention on education by Governors and State legislators. Last fall, Mr. Bush's summit brought many of the education problems to the forefront.

Your budget includes a one-time expenditure of $20,000,000 to do a summit follow up. How will the new money you are requesting, as well as existing programs, be used to support getting the outcomes set forth at the summit.

Mr. CROSS. We are developing a detailed plan on each of the goals enunciated by the President. It is not finished yet. Most of the information that we have related to the national goals is not State level data. In some areas, readiness for school, for example, information is virtually nonexistent.

One of the areas in which we have to make an investment over the next few years is getting data at the State level, so States can make use of it in bringing about their own reforms. So we will have more detailed information soon.

Mr. CONTE. How did you get $20,000,000? Did you sit around the table and draw it out of a hat?

Mr. CROSS. To be quite honest, it was a place holder in the budget. The budget cycle requires that the budget be put together before Christmas, and we did not know what the exact goals were that the President and Governors would agree to. So, $20,000,000 was included in the budget as a down payment, if you will, to getting the activity in place.

Mr. CONTE. Down payment?

Mr. CROSS. Yes, because over the years we will have to support expanded data collection efforts. In some cases we may collect data every two, three or four years. Systems have to be designed, and we have to think through questions such as what school readiness means and how one goes about getting information to assess it.

STATISTICS MANDATES

Mr. CONTE. Your $41,500,000 request for statistics is an 83 percent increase over fiscal year 1990. $18,000,000 can buy a lot of statistics. Will this cover all the mandates?

Mr. CROSS. Much of the increase in the budget relates to mandated data collection activities which are contained in the Hawkins-Stafford legislation.

We will be glad to provide at your request a table which shows each survey that the NCES is doing and the year to year changes. For example, one of the most valuable statistical collection activities is the Schools and Staffing Survey which tells us what staff looks like in the school, what their credentials are, and what is happening within the school.

In the current fiscal year, that work is costing us just under $1,200,000. Next year, when we are in the field engaging in a major data collection effort, that cost will go up to over $4,000,000. Another example is the adult literacy survey. This year we are doing the field test and the definitional work. This year the survey will cost us $900,000. Next year, when we move into full operation, it will cost us $3,500,000.

So, in answer to your question about why the big increase, much of it is related to mandated activities which we are required to do with another major portion being follow on costs to work which has been put into motion.

Mr. CONTE. Is that done in-house or by contract?

Mr. CROSS. Almost all of it is done by contract. Some is done through the Census Bureau but most by contract.

TYPES OF INFORMATION NEEDED

Mr. CONTE. Outside the work that has been mandated, what other type of information do we need in order to improve the education that we continue to have now?

Mr. CROSS. I think there is a great deal of information we need. For example, I mentioned State level information. The National Assessment, up to this point, has only been representative by regions of the country. It has had four regions and no State level data.

Field work is going on to collect State-level data on eighth grade mathematics. In 1992 we will expand that to include fourth grade mathematics and fourth grade reading.

We need to have more information available on school completion. We have information on dropouts, but the goal the President and Governors adopted is not a dropout goal. It is a school completion goal.

It implies that the issue is what percentage of students completes school by the normal course of time, in other words, receives a diploma by age 18 or 19.

Mr. CONTE. Can't you write the schools to request that information?

Mr. CROSS. The problem is that students move around.

USERS OF EDUCATION DATA

Mr. CONTE. Dr. Elliott, there is a lot of education data that is available, much through the Center for Education Statistics. Yet to get people to use the information that we have is a never ending problem. Who are the main users of this information from the center? Are there any particular groups that you think should use your data more often who don't?

Mr. ELLIOTT. We would like to have many more people use our data. Part of that is the question of the usefulness of the forms in which we put it out. Among the users are researchers who work in education and sociological and economic issues, policy analysts in the government, staff members, including congressional staff and CRS.

The educational media have been strong users of the reports we put out, like NAEP, but other reports as well. The racial composition of college student enrollment, for example, has been of great interest to the press.

Then, there are education-related industries, people who put out text books or publish tests or make class rings or year books. There are other people who could be users more frequently if we could do a better job addressing their questions—parents, school boards and principals—but also corporate and State planners. People interested in economic development within States want to know about education systems and where there are sources of well trained workers that they might tap.

There are many users but there could and should be more.

CHARGES FOR REPORTS

Mr. CONTE. Do you charge for those?

Mr. ELLIOTT. We make virtually all our reports available free if the requests are for individual copies. They are available from the Government Printing Office for a charge. In the case of the National Assessment, the reports are available from the Educational Testing Service.

Mr. CONTE. Free?

Mr. ELLIOTT. For a charge from the Educational Testing Service, but we do make individual copies available free of charge.

Mr. CONTE. Thank you.

Mr. NATCHER. Mr. Stokes.

Mr. STOKES. Mr. Cross, you are requesting about $5,000,000 for evaluation of dropout prevention, correct?

Mr. CROSS. Mr. Stokes, we are requesting these funds for a research center on dropout prevention and activities aimed at providing a clearinghouse function for successful dropout programs. The $5,000,000 encompasses several activities on dropout prevention.

EVALUATION OF DROPOUT PROGRAMS

Mr. STOKES. Have you previously done any evaluations in this area?

Mr. CROSS. There is currently an evaluation going on. You will recall there was a line item in the budget for dropout prevention demonstration projects two years ago. There is an evaluation of that program which will be available later this year.

Mr. STOKES. At this time, you have nothing that has been produced, is that right?

Mr. CROSS. Nothing in that area. We do have information on other dropout programs. The National Diffusion Network has a number of good examples of dropout prevention programs. We have a Center for Research on Effective Schooling for Disadvantaged Students at Johns-Hopkins in Baltimore, which has been doing work on dropouts.

They have published some material. In addition, we have a number of separate publications on this topic.

Mr. STOKES. What would differentiate this evaluation from the previous one?

Mr. CROSS. First of all, we would not be evaluating programs that the Federal Government has funded. We would be conducting research and evaluating programs that are funded by different sources. An organization from Columbia, Maryland, the National Committee for Citizens in Education, a group which you may have heard of, along with the Prudential Life Insurance Company in Baltimore, is funding a program aimed at dropout prevention in middle schools.

It is a very interesting program. They appear to be doing some excellent work. However, there is no evaluation component to it. So at this moment there is not the kind of information that would be required to validate that and make it available to others.

This is a good example of how this money would be used. We could go in and help document what is going on there and help to get information on a program like this out.

MINORITIES IN EDUCATIONAL RESEARCH

Mr. STOKES. Your written statement stresses the need for research and development because of the crucial role it plays in the development of effective educational policy.

You state that today, more than ever, policy makers consult and use education R&D as a basis for decisions.

Can you tell me to what degree minorities are represented in educational research?

Mr. CROSS. Do you mean in terms of who is doing the research?

Mr. STOKES. I would be specifically interested in how many minorities conducting research are holding administrative positions in your regional educational labs. I would be interested in knowing how many minorities are holding positions in the education and research development centers.

If you can give me information regarding the field, I would like to know that, too.

Mr. CROSS. Certainly. Obviously, I will have to supply that for the record, but we will get that information put together.

[The information follows:]

MINORITY STAFF IN LABS AND CENTERS

Forty-five of the professional staff members employed by the regional educational laboratories are minorities. Of those, 17 hold administrative positions. Total professional staff in the laboratories is 265.

In the national educational research and development centers, 85 of the total 532 professional staff are minorities.

MECHANISMS FOR DISSEMINATION

Mr. STOKES. What mechanisms do you use to disseminate research findings into the field? That is, how does a teacher in an inner city such as Cleveland, Ohio learn that this research office exists and how to extract data from it?

Mr. CROSS. There are a number of different mechanisms whereby teachers can learn about the research, but you have touched on an area where we need to do a lot more.

We need to make a better investment and do more in reaching practitioners in the field. We have not taken the kinds of pains there that we need to.

One of the things that we need to do is get more teachers involved in dissemination so that the research is better aimed at informing them. Currently, to answer your question, a teacher can use the National Diffusion Network to get information. A teacher or administrator directly or through the State facilitator makes known his or her interest in a particular area.

In addition, the ERIC system and its 16 clearinghouses provide information on a wide variety of education subjects. There are two toll-free 800 phone numbers that people can call. We answer about 1800 phone calls a month on one 800 number, and there is a separate 800 number for ERIC calls as well.

We provide responses and work through the NEA, the AFT, the school administrators, the specialized organizations like teachers of special education, teachers of the gifted, mathematics teachers, science teachers and others. We try to use their channels to get information out into the field. They all have journals, or some kind of information bulletin, and we try to highlight that so people who call us for information are aware of the publications and can obtain them.

USEFULNESS OF NAEP

Mr. STOKES. I note that the assessment line items in the research and statistics account will double from the fiscal year 1989 level, that is if the President's budget is appropriated. This would reflect a growth in the National Assessment of Educational Progress, NAEP, which is used to assess achievement of students in grades four, eight and 12 in a variety of subjects.

This year this committee reprogrammed funds into NAEP for fiscal year 1990. I have some concerns about NAEP.

Is the standardized test an accurate measure of educational performance, particularly for minority students? And how are disadvantaged students helped by this type of testing?

Mr. CROSS. I think you have a very good question in an area of concern not only to myself but to other people. NAEP does not just use multiple-choice tests. The writing assessment results we released a month ago were not based on standardized tests. They were based upon actual writing performance. Students were asked to write on two particular topics, and they were scored on that.

The reading results were largely based on multiple-choice items. One of the things our budget request for 1991 focuses on is to learn more about other ways to test so we can get better testing instruments, more testing of actual kinds of things which a student may do.

Connecticut is moving toward "performance" testing in science. I understand when they test a high school senior in chemistry, they have a small lab set up and have the student set up the test, mix the chemicals or do whatever the particular problem happens to require.

Mr. STOKES. Has there been an evaluation on NAEP?

Mr. CROSS. There is an evaluation ongoing. It was mandated in the Hawkins-Stafford Amendments. It is presently being conducted and will be available next year.

Mr. ELLIOTT. I would add a couple points.

One of the activities in the development of a national assessment is a check for bias in the test instruments. The National Assessment Governing Board has a responsibility to be sure the instruments do not have bias. It is a requirement of the contractor to report back any evidence in the scores that would indicate bias.

Secondly, in response to the question you asked about how these kinds of reports help disadvantaged students, one of the things that was learned in the reading assessment was that a remarkable improvement in scores among blacks has taken place from the late 1970s to 1988. There has been a dramatic improvement.

Mr. **Stokes**. In some areas?

Mr. **Elliott**. That is not something we are aware of from other tests. It is important for people making policy decisions in schools to know that.

Finally, I wanted to say there have been a number of reviews and evaluations of the national assessment, at least six between 1972 and 1988. They have been done periodically.

Finally, there is technical advice sought by the contractor on a continuing basis. That is in addition to the evaluations Mr. Cross mentioned.

Mr. **Stokes**. Thank you, Mr. Chairman.

Mr. Chairman, I have a number of other questions. I will be glad to submit them for the record.

Mr. **Natcher**. Fine.

Mr. Obey, I yield to you.

CHANGE IN PRESIDENT'S BUDGET

Mr. **Obey**. Frankly, I am not quite sure where I want to start but let me start with something I care the most about.

Mr. Cross, let me make clear before I start that I think you are one of the good guys in government. You have good representation. You worked around this town, on this Hill for a long time. I think you have a record that indicates that you understand everybody's varying institutional responsibilities.

Mr. **Cross**. Thank you.

Mr. **Obey**. I frankly don't get a chance to spend nearly as much time in this subcommittee as I would like. This is a subject I care a lot about, but since I am chairman of another subcommittee I am usually tied down listening to baloney I don't want to listen to.

Usually I trust the judgment of Mr. Natcher and Mr. Conte because 99 times out of 100, they will do what I would have done.

Sometimes when something happens to something I care about, I get very concerned. Do you know what is the most any Congress has been able to change any President's budget since 1946?

Mr. **Cross**. In percentage terms, two or three percent, I guess.

FUNDING FOR RURAL INITIATIVE

Mr. **Obey**. Two percent, that is right. That is why the Congress is so jealous of the limited ability that it has to influence the way money is spent.

The way I see the budget process, it is essentially this: The President can ask for the authority to spend money. He and his representatives get the authority to spend money based on the reasons to spend money when we provide the money. That is the power of the purse. It is the oldest power and it is written into the Constitution.

When it gets messed around with, I get more than a little irritated.

I have a little program. Most of the programs that government has are big dollar items. We throw $600,000,000 at the stealth bomber and don't notice it. But we have a little rural initiative program helped along by the regional labs. It has provided an ability for some of the smallest schools in my district, I am talking about little towns, towns of 300, up to 1300. I don't represent a city with more than 35,000 people, and I don't want to.

But it enables these schools to plug in to the school reform movement. So they don't get passed by. Without that ability to plug into the system, it is harder than hell to convince businessmen to locate in a small city because they won't believe they will have good educational opportunities for their kids.

I discussed this with the Secretary when he appeared before us last week. What I am concerned about is that it appears that you are misinterpreting report language which allowed you to carry over funds. It appears that you are interpreting that language which I expressed concern about originally when the Administration asked for it and which I acquiesced in because I was convinced that it was being done in good faith.

The staff told me I didn't have to worry about it. Now, I have to worry about it. When the Administration comes in and suggests they are increasing the budget for the regional labs and when I see that you are producing, in fact, as I understand it, $3,500,000 less than the fiscal year 1990 appropriation and yet you are claiming an increase, that seems to me to be a way to slip the fiscal years since the Secretary indicated this funding to the labs was not provided until the 11 month, third week of fiscal year 1989.

It seems to me this is one small area where the Congress indicated an interest and said this is something that should be funded. It seems to me we have the other branch of government saying, well, to hell with you, we are going to do our best to slip it so that your priorities get lost in the shuffle.

Can you convince me that I am wrong?

Mr. CROSS. I will certainly try, because I can assure you that that has not been what I have been engaged in at all.

Let's go to the seat of the problem. We are facing a recompetition of the regional labs which will be announced in a couple of weeks or so. The current contracts for the labs expire toward the end of this calendar year. The labs have money right now that they are operating on from the fiscal year 1989 appropriation. As you mentioned, that was awarded in September, 1989.

The $6,000,000, minus the sequester, that was provided for in the bill for fiscal year 1990 was split into two components. This was done because we do have a competition coming up and to have all the $6,000,000 minus the sequester spent before the current contracts expire would have compressed spending of these rural funds into a very short period of time and would have created a bulge in resources.

I think we also have a problem of confusing obligations and budget authority. Total obligations for the rural initiative and the core laboratories for next fiscal year will actually be somewhat higher than they are for the current fiscal year. The budget authority is, in fact, lower. Because this money was made available for longer than a normal 12-month period. I have here copies of the chronology of the lab rural funding and a chart that shows how the labs have been funded with the base money and the rural funding going back to 1986. I hope this will help to clarify the situation. It is very confusing.

It took me some time to understand what was going on with this as well. I want to assure you that it is not our intention to diminish the ability of the labs to spend money.

INCREASE FOR LABORATORIES

Mr. OBEY. You are saying in the budget that you have provided an increase for this fiscal year when, in fact, you provided for a budget authority decrease; correct?

Mr. CROSS. It is an authority decrease and an obligation increase; correct.

Mr. OBEY. What this committee appropriates is budget authority. The Administration determines the outlay results.

Mr. CROSS. If you will forgive me, comparing it to Chapter I, a forward-funded program.

Mr. OBEY. But this is not supposed to be a forward-funded program.

Mr. CROSS. We are in a situation where some of the money is spent on a current basis and some of it is similar to forward funding.

Mr. OBEY. I will tell you what I smell. I hope I am wrong, but I smell this: Obey comes in here at markup time and I sit down at the table and say I want to be sure we have the money in for rural initiative. I am told we don't need it because we have carry over. You tell me we have a budget authority reduction and I am supposedly boxed out because you have a carry over, which we permitted you to do out of courtesy, assuming that you would not gut a congressional initiative in the process.

Mr. CROSS. We are not gutting it. I want to assure you of that.

Mr. OBEY. I will, for the moment, take you at your word.

As I say, I will have my staff work with you and make sure that we, in fact, wind up having delivered what I told my constituents and what this committee was told was going to be delivered.

Mr. CROSS. I will be happy to work with you and your staff on that.

FUNDING OF TENTH LAB

Mr. OBEY. We have nine regional labs and you intend to add a tenth in the Pacific region; right?

Mr. CROSS. That is correct.

Mr. OBEY. The $20,000,000 request includes an assumption that that lab will receive $800,000 for the first year of operation.

Mr. CROSS. For the Pacific lab, right.

FUNDING OF EXISTING LABS

Mr. OBEY. How do you assure me that current labs such as north central regional lab in my area will not receive funding cutbacks?

Mr. CROSS. Well, because we are adding some money in budget obligations.

Mr. OBEY. But that is outlays.

Mr. CROSS. That is the real spending level that the labs will receive. In fact, the funds available for the next contract year will be up $1,300,000 for the lab program. That includes an increase to cover the establishment of the Pacific lab so that we are not taking money away from other labs to establish the Pacific lab.

DETAILED ACCOUNT OF RESEARCH REQUEST

Mr. OBEY. Well, again, I will have my staff talk further with you. Let me simply ask you if you would provide for the record a detailed account of each item in the line item for research in the educational research and statistic account that compares fiscal year 1989, 1990 and 1991 request for budget authority and outlay.

Mr. CROSS. Yes, we will be glad to.

[The information follows:]

BUDGET AUTHORITY AND OBLIGATIONS FOR RESEARCH

The following table shows new budget authority and obligations for 1989, 1990, and 1991 for the major items included in the Research portion of the Department's Research, Statistics, and Improvement of Practice account.

($ in thousands)

	1989		1990		1991	
	New B.A.	Oblig.	New B.A.	Oblig.	New B.A.	Oblig.
R&D Centers	$17,760	$17,760	$17,760	$17,760	$21,760	$21,760
Field-Initiated Research	500	500	739	739	1,000	1,000
Regional Labs	17,000	17,000[1]	17,543	17,543[2]	20,000	24,928[3]
Rural Initiative	5,138	5,138[4]	5,913	985[5]	---	---[6]
ERIC	5,700	5,700	6,554	6,554	6,690	6,690
Other	981	981	2,065	2,065	11,872	11,872
Total	47,079	47,079	50,574[7]	45,646	61,322	66,250

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1. These funds were obligated for the laboratories' use during the period December 1, 1988 to November 30, 1989, except for one laboratory whose award cycle ran from October 1, 1988 through September 30, 1989.
2. These funds were obligated for use by the laboratories from December 1, 1989 through November 30, 1990, except for one laboratory whose performance period runs from October 1, 1988 through September 30, 1989.
3. Of this total, approximately $316,000 will be used to fund services in one laboratory region from October 1, 1990 through November 30, 1990. The contract for the laboratory currently serving that region expires on September 30, 1990, two months prior to the expiration of the other laboratory contracts. Approximately $251,000 will be used to fund an evaluation of the laboratory program. The balance of $24,361,000 includes $4,928,000 in rural funding to be carried over from fiscal year 1990. The total will be awarded for 10 new contracts for laboratory services during the period December 1, 1990 through November 30, 1991. Laboratories will be required to devote one-quarter of their effort to the needs of rural schools, and they will be required to account separately for funds used for that purpose.
4. These funds were obligated for laboratory work with rural schools during the period October 1, 1989 through September 30, 1990.
5. These funds will be obligated for use by the laboratories for rural school activities during the period from October 1, 1990 through November 30, 1990, which is the date their existing contracts expire.

6. See note 3 above. Approximately $6,000,000 will be devoted to rural school activity during the period from December 1, 1990 through November 30, 1991.

7. This total does not include $4,928,000 appropriated for the National Board for Professional Teaching Standards, pending the enactment of authorizing legislation.

BUDGET FOR MANDATED ACTIVITIES

Mr. OBEY. You know research is a funny thing. It is about the most sexless item in this budget but it is important and long-term, if, in fact, we wind up knowing what we think we know, there are six major activities mandated by the Congress, as I understand it: the center for educational statistics, the R and D centers, the regional lab network, the education information system, the field-initiated research program and NAEP.

Mr. Stokes was talking about that. How much budget authority are you appropriating for those core programs?

Mr. CROSS. It looks like it is about $91,000,000. I can give you an exact figure in the record. But in round figures, it is about $91,000,000.

Mr. OBEY. How much?

Mr. CROSS. Including NAEP, it is around $109,000,000.

Mr. OBEY. For the total of the six?

Mr. CROSS. The R and D centers are $21,800,000; the regional labs are $20,000,000; the ERIC system is $6,700,000; field-initiated is $1,000,000; NAEP is $18,900,000; and NCES is $41,500,000, for a total of $109,900,000.

INCREASE FOR RESEARCH CENTERS

Mr. OBEY. Are you providing an increase for the university-based R and D centers?

Mr. CROSS. Yes.

Mr. OBEY. How much money does it take to operate a research center during that five-year contract?

Mr. CROSS. Different centers cost different amounts of money.

Our expectation is that the smaller centers cost about $800,000 to $1,000,000 per year. We will be announcing the new competition on the centers within the next couple of weeks.

In fact, the announcement is going to the printer today. You will see when that announcement is made that we are setting some research priorities by funding some centers at greater amounts.

Mr. OBEY. How many centers will you fund?

Mr. CROSS. We will have 18 new centers. In addition, we will have seven centers that carry over from previous fiscal years.

CONSULTATION ON TOPICS

Mr. OBEY. How do you determine the research topics that those centers study?

Mr. CROSS. We went through a rather long and thorough process. We had a number of meetings around the country focused on topic areas. For example, we called together elementary people, secondary school people, and higher education people. We heard from the field about what they felt were pressing topics.

We published a notice in the Federal Register on September 12 listing what we thought at that time would be the 12 centers we would fund.

We received almost 400 letters in response to that. We analyzed those letters. I came into office in mid-October. At that time, I asked to review where we were in the process. In mid-December, we brought in a Blue Ribbon Panel, which was chaired by Governor Kean of New Jersey and which included a half dozen other people to help us think through those issues.

As a result of all this input, we arrived at the final list.

CONSULTATION WITH COMMITTEE STAFF

Mr. **Obey**. Have you ever had any consultations with this committee or its staff on topics for designation as national priorities?

Mr. **Cross**. National priorities?

Mr. **Obey**. Yes.

Mr. **Goldberg**. As a matter of fact, Mr. Obey, congressional staff participated in some of the planning meetings Mr. Cross just mentioned. They attended the meetings and participated.

Mr. **Obey**. This committee staff?

Mr. **Goldberg**. No, I believe it was the authorizing committee.

Mr. **Obey**. I will let the authorizing committee worry about their views.

Mr. **Goldberg**. I think we let staff know when the meetings were being held and indicated they were welcome to attend.

Mr. **Obey**. I happen to have some strong concerns about some of the staff concerns on the Senate side on this question, especially. I guess what I am getting at is this: At NIH, for instance, there is a great deal of consultation between this subcommittee and NIH about the direction of research. I think it would be useful if we had some of that same consultation between this subcommittee and you on this issue.

Mr. **Cross**. That is a point well taken.

Mr. **Obey**. Would you submit for the record the work scopes for those appropriated research centers?

Mr. **Cross**. Yes, sir.

Mr. **Obey**. I am not interested merely in the title. People can give you nice, fancy titles.

Mr. **Cross**. You want to know what they are going to do?

Mr. **Obey**. What kind of guidelines were you given by the Administration in terms of developing topics?

Mr. **Goldberg**. None at all.

Mr. **Cross**. This was entirely done within OERI.

Mr. **Obey**. Will you submit those for the record?

Mr. **Cross**. Yes.

[The information follows:]

Work Scopes for Research Centers

The application package containing the mission statements for the 18 national education research and development centers was provided to the Committee under separate cover.

INCREASE FOR NCES

Mr. **Obey**. You are proposing a very large increase in the center for educational statistics. Does that mean that you are actually going to do it, going to get it moving?

Mr. **Cross**. I certainly hope so. This committee has been very supportive of NCES. In the last few years, NCES has grown substantially.

Going back to as late as 1986, they had only a $12,300,000 appropriation. Our combination of activities with NAEP and NCES would bring us up to $60,000,000 for next year.

Mr. Obey. You are getting closer to the National Academy's estimates of a few years ago. It is about time. I am glad to see it.

Mr. Cross. Yes, thank you.

STAFFING OF NCES

Mr. Obey. How many staff people are employed at the National Center for Education Statistics?

Mr. Cross. About 130 currently.

Mr. Obey. That is this year? How many are going to be employed at the center under this budget?

Mr. Cross. Of course it would have to be determined, but OERI's, request for S and E next year has a 10 position increase.

Mr. Obey. I am concerned about the national center for education statistics alone.

Mr. Cross. The NCES staffing level would increase by a proportion of that 10.

Mr. Obey. What guarantee do we have that that will happen?

Mr. Cross. I am sure we will add a minimum of three or four positions to the Center.

Mr. Obey. In your best professional judgment, is that really enough, given the budget increases and the increased responsibility that they will have?

Mr. Cross. No, it is not.

Mr. Obey. I am kind of a statistical nut. The JEC committee on which I serve is very concerned about the quality of statistics.

A few years ago, Mr. Natcher and Mr. Conte will remember, we ballooned the dollars in NCI but we had very little by way of staffing increase of program officers to oversee that money. We had some very embarrassing results, including some people who went to jail because they ripped off Uncle Sam.

In your best professional judgment, what kind of staffing increases do you think would be needed to provide top shelf research coming out of that operation?

Mr. Cross. Well, I think I need some time to think through a total response to that because there are several different ways to assess that.

If you look back Mr. Obey, to 1986, when as I mentioned earlier we had a budget of $12,300,000, the staff level there was around 107 people.

So, we will have increased by about four times in total dollars, and the increase in work years was about 20 percent.

Mr. Obey. I happen to think that is goofy.

Ms. Christensen. One of the problems we have in the Departmental Management account each year is that there are reductions below our request. This year we have to absorb a pay raise of about $5,000,000, and we had the cut from the sequester which means we are starting with a $10,000,000 deficit at the start of the year.

Mr. Obey. I understand but there are other places I would rather cut than there. Isn't the staff work for this center supposed to be presented as a separate item?

Mr. **Cross**. I believe that in the Hawkins-Stafford legislation there is a separate authority for the Center's salaries and expenses. It has not been requested or appropriated in that manner.

S&E REQUEST FOR NCES

Mr. **Obey**. It is difficult to appropriate in that manner when the Administration does not request it.

Last year, I tried to get that done in the subcommittee. I was in essence, backed off of it because I was told, "come on, don't do it for this year, let's see how it works out."

I have been hearing that for two years. I don't want to listen to that anymore. As far as I am concerned, the Administration has the statutory obligation to present that to the Congress in a line item capacity. I think the Congress has an institutional obligation, if it has any self respect at all, to appropriate it as a separate line item if the Administration does not comply with the statute.

In the committee, I know very few chairmen who are as much a stickler for sticking with the authorization contents as Chairman Natcher is. I would hope the Administration would follow on through on its obligations. I know that is not your fault.

Could you indicate that you will supply for the record that information?

[The information follows:]

STAFFING FOR NCES

The responsibilities of the National Center for Education Statistics were expanded with the enactment of the Hawkins-Stafford Elementary and Secondary School Improvement Amendments of 1988, both with regard to mandates for new data collection programs and changes in the National Assessment of Educational Progress. The Center's workload is also likely to increase as additional data are desired to measure progress toward the national goals for education. However, any increase in staffing and requests for salaries and expenses funds must be approached in a responsible manner. The Department has also had a very significant number of new grant programs to implement since 1988, and needs to devote significant additional resources to the default initiative and to reducing abuses in the student aid programs. The Secretary has allocated an increase of 10 FTE for OERI in 1991.

COST OF NAEP

Mr. **Obey**. In the last three years the National Assessment for Education Progress has doubled in cost.

Mr. Stokes raised some questions about this. I want to talk about cost to the Feds versus cost to the States. How much is this project going to cost the Federal Government?

Mr. **Cross**. The budget request for 1991 is about $18,900,000 for NAEP. In the current fiscal year the amount available is about $17,000,000.

Mr. **Obey**. How much are the States paying?

Mr. **Cross**. I will ask Mr. Elliott to respond.

Mr. **Elliott**. We don't have a full estimate of what they are providing because the law allows them the option of using cash or using staff of the State and local education agencies. For the most part, the costs are being met "in kind."

We had an estimate at one point that the effective cost to a State would be between $100,000 and $140,000, for each of the 37 States participating, plus the District of Columbia and two territories.

Mr. **Obey**. One hundred and what?

Mr. **Elliott**. Between $100,000 and $140,000 for the State coordination and the local administration, both of which are required in the statute.

Could I supplement one additional set of numbers provided by Mr. Cross?

He gave you the total appropriations for 1990 and 1991. I wonder whether one aspect of your question was: What does the State piece cost?

Our figures, which are summed up from several different fiscal years——

Mr. **Obey**. I just wanted to know what the States were paying, that is all.

Mr. **Elliott**. Okay.

REPROGRAMMING

Mr. **Obey**. Mr. Cross, we reluctantly agreed to reprogram $2,300,000 out at the National Center for Education Statistics this year for NAEP as was indicated before.

Why is that program accounting like an entitlement program in eating up other major programs that this committee supports?

Mr. **Cross**. One of the factors here is that the legislation specifies that State participation in State level assessments is voluntary. When the budget estimates were completed for the current year, the assumption was only about half of the States would choose to participate. Actually about three-quarters of the States have done so.

The authorizing legislation left us no ability to say, when we got to a certain number that happened to equal the budget, "Well, sorry, we can't take any more."

Mr. **Obey**. You can't tell States that you have run out?

Mr. **Cross**. That is right.

Our attorneys tell us we have no authority to do that.

So that drove the cost, to give you the short answer.

Mr. **Obey**. What do you think is the best way to deal with that problem?

Mr. **Cross**. I think, number one, is recognizing that there is a lot more interest out there than there has been.

Mr. **Obey**. Haven't some of the States held back and tried to hold you up for a higher share of the cost sharing?

Mr. **Cross**. Not that I am aware of.

Mr. **Elliott**. No.

Mr. **Cross**. The way the legislation is written is that the States have to incur the costs of State coordination and local test administration. There is no negotiation between us and the States.

CHARGING STATES

Mr. **Obey**. How do we get a handle on this? Shouldn't we charge States something? They are getting information that they need. Shouldn't we charge them something?

Mr. **Cross**. Again, I think we have no authority to do that under the current law.

Mr. OBEY. But if we were to recommend changes in the law, what would you recommend?

Mr. CROSS. I would have to think about that and come back to you on it. We have had a State drop out this year because of the hurricane. South Carolina was originally in, and they dropped out because their schools were not accessible for sampling and testing.

COSTS OF GOVERNING BOARD

Mr. OBEY. We keep hearing about governing boards, that governing board that keeps talking about this program. How much does that governing board cost?

Mr. CROSS. Under the law, the Governing Board can get an amount equal to 10 percent of the total appropriation for NAEP, and in the current year and next year that would be the case.

Mr. OBEY. So every time the amount for NAEP gets increased the governing board eats up 10 percent of that?

Mr. CROSS. They are entitled to up to that amount. There is a problem in that the work of the Governing Board is often countercyclical to the level of assessment work reflected by the appropriation level for NAEP. Their big work goes on in the year before we go into the field.

So, I would recommend that there be a separate authorization for the Governing Board.

Mr. OBEY. I would agree with that.

Frankly, I don't care whether people on this governing board are liberals or conservatives. My impression is that they are usually the same types thinking they have all God's wisdom and they can pass out their ideas to the rest of the world, they don't have to worry about the regulations because when God makes regulations they usually fit their own needs.

I think we get taken for a ride on those costs. I hope you do whatever you can to keep them down.

Mr. CROSS. We will do that, but I think the longer-term issue is to have a separate authority for them.

DISCRETIONARY SPENDING

Mr. OBEY. How much of your budget is for your own discretionary program outside of the six mandated programs?

Mr. CROSS. Excluding the President's four initiatives for things like the Principal Training Program, we have about $11,000,000 in actual discretionary spending. That has to include many, many other activities which the office funds.

Mr. OBEY. How much money does the Office of Education Research and Improvement—how much money of that office does your office manage?

Mr. CROSS. My immediate office?

Mr. OBEY. Yes.

Mr. CROSS. Virtually none of it.

Mr. OBEY. How much money does the Office of Education Research and Improvement manage?

Mr. CROSS. In the current fiscal year, it is about $320,000,000.

Mr. OBEY. What other programs are part of OERI?

Mr. CROSS. There are the library programs and a number of programs under the School Improvement Programs account, something on the order of about one dozen, including the National Diffusion Network and the Fund for Innovation in Education.

Mr. OBEY. Would you provide for the record, so I don't take any more time than is necessary here, a breakdown of the budget and the FTE's that you have for the following three categories: giving me the actual fiscal year 1989 and 1990 numbers, the six mandated programs within your authorization, all of the discretionary programs that you are funding out of the Education Statistics and Research Act, and all other programs by program that you manage within OERI.

Mr. CROSS. We will be happy to.

[The information follows:]

PROGRAM BUDGET AND FTE FOR OERI UNITS

($000s)

	1989	1990
Office of Research		
Research Centers	$17,760	$17,760
Javits Gifted and Talented Center	1,500	---
Science Center	500	500
Field-Initiated Research Grants	500	739
Nat'l. Board for Professional Teaching Standards	---	4,928
Other Research	561	965
	$20,821	$24,892
FTE	57.26	55.00
Programs for the Improvement of Practice		
Regional Laboratories	$17,000	$17,543
Rural Education Program	5,138	5,913
Other Improvement Activities	73	650
Javits Gifted and Talented Prog.	6,404	8,888
National Diffusion Network	11,066	12,837
Blue Ribbon Schools	889	494
Drug-Free Schools Activities	1,528	2,257
Territorial Teacher Training	1,976	1,762
WEEA Publishing Center	511	511
Leadership in Educational Admin.	4,306	3,845
Mid-Career Teacher Training	---	987
Star Schools	14,399	14,813
Educational Partnerships	---	3,703
	$63,290	$74,203
FTE	73.35	73.00
Information Services		
ERIC	$5,700	$6,544
Other Dissemination Activities	347	450
	$6,047	$6,994
FTE	85.39	82.00
National Center for Education Statistics		
Statistics	$21,736	$22,655
Assessement (NAEP)	8,446	15,584
	$30,182	$38,239
FTE	130.84	131.00

FIRST Programs		
Grants for Schools and Teachers	$3,952	$3,915
Family-School Partnerships	1,976	4,443
Math and Science National Programs	8,892	8,781
Innovation in Education	6,781	6,842
Educational Technology	1,000	1,234
Computer-Based Instruction	4,940	4,938
Comprehensive School Health Ed.	2,964	3,950
	$30,505	$34,103
FTE	7.44	18.00
Library Programs		
Public Library Services		
State Grants	$79,389	$80,855
Indian & Hawaiian Set-aside	1,620	1,650
Public Library Construction		
State Grants	21,878	18,522
Indian & Hawaiian Set-aside	446	378
Interlibrary Cooperation		
State Grants	18,720	19,160
Indian & Hawaiian Set-aside	382	391
Library Literacy Programs	4,730	5,365
Training and Demonstrations	709	855
Research Libraries	5,675	5,738
College Library Technology	3,651	3,732
	$137,200	$136,646
FTE	34.06	34.00
National Assessment Governing Board	$940	$1,500
FTE	2.79	10.00
Office of Assistant Secretary		
FTE	37.13	40.00
Total Program Budget	$288,985	$316,577
Total FTE	428.26	443.00

NATIONAL BOARD FOR TEACHING STANDARDS

Mr. OBEY. Congress funded the National Board for Teaching Standards. What bothers me is that this money is going to be used to develop a process and a product that teachers pay to use. This money is supposed to be used to keep the authorization ongoing rather than going back to the Government.

This group is going to run their own research program outside the scrutiny that we expect you to be accountable for.

Have those problems been resolved?

Mr. CROSS. No, they have not. In fact, the Administration, and I personally, are very much opposed to there being an appropriation for this purpose. In addition the questions that you raised, I think that the field should be paying for this sort of work.

I think that one could also ask whether these standards should not be set through the professional association of English teachers or mathematic teachers, for example.

Basically, it amounts to a sole-source award to this designated organization, which is contrary to good management. We would, frankly, hope that the authorizing legislation for this award does not pass on that account.

Mr. OBEY. The Wisconsin Department of Public Instructions has the responsibility for determining certification standards for certain teachers. I am sure they would like to have a better way to examine the teachers before they get certified in the classroom.

Is there any way the product for this project is going to be free to the Wisconsin Department of Public Instruction?

Mr. CROSS. I cannot speak to that because this is a separate organization having nothing to do with the Department.

There is, in the President's budget for this year and next, an request for alternative Teacher Certification.

Mr. OBEY. But this product, you don't know whether they can get that free?

Mr. CROSS. No, I don't.

NAEP VALIDITY STUDY

Mr. OBEY. I have one other question on that subject. Then, let me ask you, have you started the validity study for the national assessment project?

Mr. ELLIOTT. The award has not been made as yet, but we are asking for best and final offers from the competitors. We expect to have it in the next couple of months.

Mr. OBEY. How much is there for the validity study in 1991?

Mr. ELLIOTT. The total will be $1,100,000, We had originally planned to have $600,000 for that project in the 1990 budget. But as a part of the reprogramming and deferrals for 1990, the costs were pushed into 1991.

Mr. OBEY. I thank you for your time.

Mr. NATCHER. Mr. Cross, we want to thank you and your associates for appearing before our committee on behalf of your budget request for the fiscal year 1991. It has been a good hearing.

[The following questions were submitted to be answered for the record:]

EDUCATION RESEARCHERS

Mr. Natcher: Mr. Cross, in general, who would do this education research? Would it be done directly by universities or would it be done principally by private think tanks and education consultants?

Mr. Cross: The research activities we have proposed represent a balanced research program open to individuals, universities, profit and non-profit organizations, local education agencies (LEAs), State education agencies (SEAs), and other groups willing and able to engage in important research work. The only exceptions are the national research and development centers, which as required by authorizing legislation must be awarded exclusively to university-based centers.

PROJECT LISTING

Mr. Natcher: The budget justifications make it difficult to follow exactly how this money will be spent. Would you insert in the record at this point a mechanism table showing the number and type of projects being proposed, including centers, and the amount within each area which is required for continuation costs versus new awards?

Mr. Cross: The table follows:

	Amount ($000s)	Projects
Evaluation of Educational Reform	$3,000 New	12 Contracts
Dropout Prevention	5,000 New	15-20 Contracts 1 Grant
Principal Training	25,000 New	
Summit Follow up	20,000 New	10 Contracts 60 Grants
National Assessment of Ed. Progress	18,866 Con't	2 Contracts 1 Grant
Statistics	41,538 Con't	80 Contracts 8 Interagency Agreements
National R&D Centers	21,760	
	(14,600 New)	17 Grants
	(7,200 Con't)	8 Grants
Field-initiated Research	1,000 New	20 Grants
Other Research Activities	6,479	
	(665 Con't)	10 Contracts
	(5,814 New)	50 Grants 20 Contracts
Regional Educational Laboratories	20,000 New	11 Contracts
Other Improvement of Practice	3,105	
	(500 Con't)	3 Contracts
	(2,605 New)	20 Contracts
Educational Resources Information Center (ERIC)	6,690 Con't	21 Contracts
Other Dissemination Activities	2,288	
	(593 Con't)	4 Contracts
	(1,695 New	11 Contracts
Total	$174,726	

DROPOUT RESEARCH CENTER

Mr. Natcher: The budget includes $5 million for a single center dealing with dropouts. Why do you need $5 million for one center? How was this figure developed?

Mr. Cross: Of the $5.0 million requested for dropout prevention, $1.5 to $2.0 million will be used for a National Research and Development Center for Improving High School Completion and Academic Performance Among Disadvantaged Secondary School Students. The center will create, identify, and disseminate effective strategies to improve high school completion and/or academic performance among disadvantaged students. The remaining $3.0 to $3.5 million will be used for a national grants competition designed to support an estimated 20-25 projects that will identify and document the effectiveness of specific approaches to improve high school completion rates and/or academic performance among disadvantaged students. The level of funding for the dropout center is consistent with the funding for the existing OERI education research and development centers, which are funded at around $1.0 to $1.3 million per year.

AUTHORIZING LEGISLATION FOR PRINCIPAL TRAINING

Mr. Natcher: The principal training program does not appear to be authorized under the General Education Provisions Act as you suggest. Have you submitted a proposal in this area to the authorizing committee?

Mr. Cross: We do believe that the Principal Training program we propose to support is authorized under section 405 of the General Education Provisions Act. We do not plan to submit additional authorizing legislation.

We intend to support a research-based training program as a demonstration effort. We intend to evaluate it carefully and, on the basis of our findings, disseminate useful information. We believe this type of activity is authorized by section 405.

FUNDING FOR NBPTS

Mr. Natcher: What are your current plans for funding of the National Board for Professional Teacher Standards in 1990?

Mr. Cross: The Department has no plans to fund the National Board for Professional Teaching Standards in fiscal year 1990 unless such an expenditure is appropriately authorized. Current authorizing legislation pending before the Congress, even if enacted, would not permit the Department to award the funds appropriated pursuant to section 405 of the General Education Provisions Act to the Board, because that legislation does not take the form of an amendment to section 405, but rather creates a distinct new authority. The fiscal year 1990 funds that the conferees indicated were intended for the Board remain available for obligation.

Mr. Natcher: If the Board is not authorized in 1990, will you propose a reprogramming or will you lapse this $5 million?

Mr. Cross: We will propose a reprogramming.

INVESTIGATOR-INITIATED RESEARCH

Mr. Natcher: Mr. Cross, how much of your $79 million increase are you proposing to put into investigator-initiated projects?

Mr. Cross: We are requesting $1,000,000 for field-initiated research, an increase of 35 percent over the fiscal year 1990 level. This increase will enable us to award a total of 18 grants for field-initiated research studies in 1991.

Mr. Natcher: It doesn't sound like investigator initiated projects are a high priority. Why not put a much larger amount of this money out for new researchers with new ideas?

Mr. Cross: Mr. Chairman, the field-initiated research program is a high priority. In fiscal year 1990, OERI has scarce resources yet will provide $739,000, an increase of $230,000 or 48 percent, for investigator-initiated projects. In fiscal year 1991, another increase of $261,000 or 34 percent is proposed. The field-initiated program will have doubled, from $500,000 in fiscal year 1989 to $1,000,000 in fiscal year 1991. Based on the number of quality proposals we have received under this program, we believe that the overall quality of the projects will remain high if the program grows at a steady, incremental rate.

CUT BACKS

Mr. Natcher: Mr. Cross, your budget has lots of increases, are you assuming any significant cut backs which this Committee is likely to hear about?

Mr. Cross: I am not sure I understand your question, but let me say that we are planning now for the full amount of our request. We strongly believe that supplying good information from research and development and statistics is one of the most important ways the Federal Government can help the Nation improve its education system and attain the national goals.

STUDENT ATTITUDES TOWARD SCIENCE

Mr. Stokes: One publication produced by your office is entitled, "Changes in the Science Attitudes of Urban Middle School Students." It examines the school and home variables influencing the science and math achievements of urban students in grades 6 through 8 in a major city. What variables were discovered?

Mr. Cross: The study you cited, "Changes in the Science Attitudes of Urban Middle School Students", is still in progress and should be completed later this spring. Conducted by Mary Atwater at the University of Georgia, the study is not designed to "discover" variables, but is instead designed to investigate selected home and school variables, influencing the science and mathematics achievement primarily of African-American urban students in grades 6 through 8 in a major southern city. We will be happy to forward a copy of the final report when the project is completed.

FIELD-INITIATED RESEARCH

Mr. Stokes: I see that you are proposing a significant increase for field-investigated research. How many field-initiated research grant applications did you receive in FY 1989 and how many were you able to fund?

Mr. Cross: We had $500,000 for field-initiated research in 1989. We received 202 eligible proposals, and we were able to fund nine, for an award rate of 4.5 percent.

Mr. Stokes: What do you expect the award rate to be for FY 1990?

Mr. Cross: We have $739,000 for 1990. We have received 245 eligible applications, and we expect to make 13 awards, for an award rate of 5.3 percent.

Mr. Stokes: What would you expect it to be under the President's budget?

Mr. Cross: We have requested $1.0 million for field-initiated research in 1991. We would expect to receive about 250 eligible proposals, and we would hope to make 18 awards. This would constitute an award rate of 7.2 percent.

PRINCIPAL TRAINING

Mr. Stokes: Among the initiatives proposed in the President's budget is a principal training program. $25 million is requested to provide 500 principal candidates with training at a residential summer institute, followed by a year-long mentorship in which the candidate would spend a full academic year observing and receiving on-the-job training from recognized experts. The cost per candidate works out to about $50,000. The justification states that there will be an unusually high turnover in incumbent principals in the next five to ten years. Can you quantify this problem?

Mr. Cross: The turnover of principals will be the result of the normal process of individuals aging and retiring. However, various professional associations (such as the National Association of Secondary School Principals) suggest that the turnover during the next decade will be unusually high, due to the retirement of large numbers of similar-age principals who began their careers during the 1960s. We have seen varying estimates, some suggesting, as was indicated in the justification, that up to half of those now in principalships may leave during the course of this decade.

Mr. Stokes: How much of the $50,000 cost per trainee would be for salary?

Mr. Cross: Our plans for this program are not yet complete, but the current plan calls for a summer training stipend of $6,000 per trainee, which would cover all personal costs, travel, and living expenses during the six- to eight-week summer training program. There would be no salary paid by the program to the intern-trainees, who would receive an internship fellowship of $10,000 during the year following their initial summer training, when they would be placed in schools as interns under the mentorship of exemplary principals. We expect that the schools and districts in which the interns receive their training and in which they will begin their careers as principals will also provide financial support. The Federal contribution is not a salary but a fellowship, intended to provide only a minimal level of support during the internship period.

SUPPORT FOR STUDIES

Mr. Early: Since 1982 over $605,083,000 has been appropriated for the research, statistics, and improvement of practice account. Even though we have spent so much money for the programs in this account, our educational system has been consistently deteriorating and has never been in worse shape. Now the administration is requesting $174,726,000 for FY '91, almost an 85 percent increase in funding over FY '90's appropriations of $95,21,000. What needs to be studied now that wasn't studied before? Isn't it time we spend more money on implementation and less on studies?

Mr. Cross: The State and local educational reforms of the past five years have substantially raised educational expectations. We expect more of students; we expect more of teachers; we expect more of schools. I believe that educational research has played an important role in raising these expectations and now has a continuing responsibility to inform teachers, schools, and policymakers on effective ways to meet these higher expectations.

Research has already made a substantial contribution to the improvement of education. For example, one of the many documented cases showing how research has contributed to the development of substantial, constructive education policies and practices throughout the country is the effective schools research.

The General Accounting Office (GAO) reports that the effective schools literature is markedly affecting State and local policies across the Nation. The GAO surveyed a representative sample of school districts, asking "...district officials whether any of their schools operated school improvement programs based on the finding of effective schools research. District responses indicate that about 41 percent or 6,500 of the Nation's school districts had effective schools programs in operation in approximately 38,000 elementary and secondary schools during school year 1987-88. An additional 17 percent or about 2,600 of the Nation's districts have plans to implement effective schools programs during school years 1988-89 or 1989-90." The effective schools research was first conceived, conducted, and disseminated by an OERI-supported research center, and according to the GAO the school effectiveness research findings were "rapidly adopted by schools, districts, and States as models for improvement programs during the 1980s." This example comes from a report entitled, "The Impact of Research on Education Policy," prepared by a member of my staff. This paper is in the final stages of preparation, and we plan to make copies of the report available by early April.

As policymakers face increasingly sophisticated issues, they are turning more and more to education research for guidance on these new developments. For example, Connecticut is building a set of teacher performance assessments that allow beginning teachers to demonstrate their knowledge and teaching ability. Pat Forgione of the Connecticut State Department of Education reports that these teacher assessments are based on the research conducted by the OERI-supported Center for the Study of Learning at the University of Pittsburgh. Florida recently developed a comprehensive State plan for teaching mathematics and science. To produce this plan, developers drew heavily from such research fields as learning theory, organization theories, and implementation studies.

Practical, constructive research can help in informing State and local policies that enhance effective learning and teaching. We will make this research available in forms which will be most useful to members of the education policy community so that it helps promote constructive reforms. I have already taken steps to make this happen. First, in our announcement of National Research and Development Centers, we are including -- for the first time -- a section that describes the "anticipated benefits" of the centers' work. In addition, we are competing a National Research and Development Center on Dissemination and Knowledge Utilization. These activities are designed to ensure that research findings are put to good use in the Nation's classrooms and help achieve the national goals.

RESEARCH AGENDA

Mr. Early: Could you give me any details on how the Department coordinates the research agenda on education and what follow up is done to make sure these studies are really needed and have not been done before, and that they meet minimum quality standards?

Mr. Cross: In the spring of 1989, OERI set out to identify the research agenda for the 1990s, to plan for the national research and development center competition, and to determine the kinds of research most likely to benefit learners. We solicited advice and guidance from individuals and organizations having different perspectives on the present status of education and how research and development could improve it. Parents, practitioners, policymakers, researchers, and representatives of various interest groups, including many educational organizations, provided written comments. Many of the recommendations OERI received called for substantially new initiatives. In previous years, recommendations generally had addressed how schools could improve on what they were already doing; during the most recent planning process, responses repeatedly suggested that "tinkering at the edges" and "business as usual" would not suffice. Through this public planning process, OERI has decided to support some existing lines of inquiry that warrant further investigation, redirect some current research activity, and offer fundamentally new research directions.

Each center is assigned a center liaison within the Office of Research. The center liaison is knowledgeable about issues and educational developments in the center's specific area of focus, as well as the broader picture of American education. These center liaisons work very closely with the centers to ensure that the research studies they undertake are really needed and do not needlessly repeat previous work. Center liaisons, with the help of practitioners and policymakers outside the Department, review the work of the centers to be sure that the research meets minimum quality standards and to make the studies useful to the needs of the diverse audiences served by the centers' activities. The centers engage in a wide range of activities whose purposes are to advance public knowledge about and understanding of educational practice, and to solve, alleviate, or illuminate education problems. The centers conduct and support basic and applied research, evaluations, and analyses of policies and practices in order to serve citizens, teachers, school administrators, and policymakers at the local, State, and Federal levels.

DROPOUT RESEARCH

Mr. Early: The administration is requesting $5,000,000 for dropout research. However, last year Ms. Hines touted as one of last year's great successes a booklet on dropout prevention. This booklet was produced by urban school superintendents who came together under the auspices of the OERI. Ms. Hines indicated that this booklet told us what does and doesn't work in dropout prevention. If we know how to prevent dropouts, do we still need to study who these dropouts are? If so, why did we spend the money to produce this other booklet?

Mr. Cross: The booklet Dealing with Dropouts presents the ideas of urban superintendents on promising strategies to reduce dropping out of school. The strategies are "offered not necessarily as solutions but as ideas" (p. viii) based on superintendents' extensive practical experience. The booklet explicitly states that evaluation research is needed on dropout prevention programs such as those recommended, including effects on student self-esteem, attendance, behavior, academic achievement, and how parents, teachers and students see the program (p. 11).

The booklet is important because it describes the dropout problem as seen by superintendents of large cities where the problem is severe. Their strategies may energize others to follow similar paths, and draw attention to major strategies and practices worthy of research and analysis to learn more about their effects.

NATIONAL ASSESSMENT

Mr. Early: As part of the National Assessment of Education Progress, the Department is conducting a State-representative assessment of 8th grade mathematics. What is the FY '90 cost for this part of the study? What will be the total cost for this part of the study?

Mr. Cross: The fiscal year 1990 cost of the State-representative assessment of 8th grade mathematics is about $8.5 million. The total cost for the State-representative portion of the 1990 assessment is about $13.9 million dollars.

Mr. Early: What preliminary information do we have so far from this study that we don't already know?

Mr. Cross: We are currently finishing the data collection phase of the study and do not have any results yet. However, when the data are analyzed and reported in 1991, we will have for the first time information based on a common standard that will allow States to compare their 8th grade students' math performance with that of all 8th grade students in the Nation. Also, we will be able to see how all the participating States' students performed compared to each other. States will be able to gauge relative strengths and weaknesses of 8th grade students in such areas as geometry, algebra, number and operations, measurement, probability and statistics. Never before have we had State-representative and national data on the same test. The information should assist State and local policymakers, curriculum planners, and teachers in making decisions about their instructional emphasis and help them question their practices on a more informed basis.

Mr. Early: A new contract was awarded for conduct of the 1990 and 1992 assessments. Who was this contract awarded to, and what criteria was used to award this contract?

Mr. Cross: A contract was awarded in 1989 to the Educational Testing Service for conduct of the 1990 and 1992 assessments. Westat and National Computer Systems are major subcontractors on the project. The criteria used to evaluate the proposals and award the contract were the following:

Criterion	Points
Quality and credibility of the general approach and statements of work sections	40
Creativity and technical approach	10
Qualifications of the proposed project director and staff	15
Soundness of the management plan and task/time commitments of staff	10
Corporate expertise and capability	25
	100

CENTER FOR DISADVANTAGED

Mr. Early: In January of 1989, Johns Hopkins was awarded funds to operate the Center for Educationally Disadvantaged Children. What is the current status of this center?

Mr. Cross: The Center for Research on Effective Schooling for Disadvantaged Students (CDS) has successfully completed the first year of its five-year research program. Most of the projects and activities planned by the Center are still underway or about to begin. While in operation only slightly more than a year, this Center has accomplished a great deal. The Center has begun to build a cohesive network of clients or "stakeholders" of research-based information on the education of disadvantaged children. The Center created a Research Partnership Network of Urban Schools, which presently includes the school districts of Baltimore, Philadelphia, Charleston, SC, New York City, San Diego, Indianapolis, and Lewiston, ME. The Center will continue to expand this network in succeeding years. In addition, the Center continues to work with OERI's Urban Superintendents Network, the Council of Great City Schools, and the Council of Chief State School Officers.

Also, a number of analyses were conducted during the Center's first year, and a series of reports and publications were released. The reports include efforts such as:

> "What Research Says about Solving the Problems of At-Risk Youth"
>
> "Defining Disadvantaged and At-Risk: Does It Matter in Practice?"

"The Role of Community Involvement in Fostering Investment Behavior in Low-Income Black Adolescents: A Theoretical Perspective"

"School-Family-Community Connections for Accelerating Student Progress in the Elementary and Middle Grades"

These reports are a sample of what the Center has accomplished to date. During the next few months CDS will complete a number of additional reports that address a range of issues (e.g. retention/promotion practices, promising practices in early childhood education, cooperative learning, etc.) pertaining to the improvement of educational outcomes for disadvantaged students.

CDS RESEARCH AREAS

Mr. Early: The center was to be working in four major areas of research: early and elementary education; middle grades and high school; language minority children; and school, family, and community connections. What progress has Johns Hopkins made in these areas of research?

Mr. Cross: The Johns Hopkins Center continues to work in each of the four areas of research. The vast majority of the work planned by the Center in each of these research areas is still in progress and proceeding as scheduled. For instance, as part of its Early and Elementary Education program, the Center is carrying out a longitudinal evaluation of its "Success for All" project. A descriptive study of Chapter 1 school-wide projects is progressing in Philadelphia. A study examining the effectiveness of developmental kindergarten is being conducted in collaboration with the Lebanon, Pennsylvania school district. A best-evidence synthesis of research on the effects of grade repetition and promotion is in progress.

In the Middle Grades and High School program, work is well underway that describes national practices and trends in middle grade schools and that identifies effective dropout prevention programs for disadvantaged students. Syntheses on effective programs for disadvantaged middle grade students and effective strategies for more responsive high school programs and a review of high school education-to-work programs are currently in progress. Data are being gathered from schools on practices and programs used as alternatives to tracking and retention. Experimental studies of alternatives to tracking and retention are being implemented.

Under the Language Minority program, cooperative learning strategies in bilingual education are being investigated in Texas and California. Research work is in progress to explore how language minority students' teachers and parents can work together to help guide teachers' design of classroom literacy activities. Also, an evaluation of "Success for All" with language minority children is progressing as planned.

The School, Family, and Community Connections program is progressing on schedule. Work continues to investigate and to analyze parent involvement in inner-city and rural schools and to develop preservice and inservice education models that improve and increase parent involvement practices of teachers. A database is being created, which will include information on practices and policies that influence at-risk student and community connections and practices and policies that influence school and community connections.

All of this represents only a portion of the progress that the Johns Hopkins Center has made to date.

DISSEMINATION OF CDS WORK

Mr. Early: Has any of this information been disseminated to the public?

Mr. Cross: The Center has responded to a large number of requests for information that cuts across its four basic areas of research. Nearly 5,000 clients were served directly by CDS during 1989. The Johns Hopkins Center has a strong dissemination and public information program. It tries to reach not only researchers, but also education practitioners and policymakers, students, and the general public. The general dissemination activities of the Center include: a Center Report Series; news releases for specific findings; interpretive articles for general education and association publications; a special Research on Disadvantaged Education Report (in progress); and a Dissemination Profile (in progress), which will detail the activities of a particular project and its results.

ACCESS ERIC

Mr. Early: In order to make the studies conducted by the Department more accessible to the public, the Department was to initiate this year a new component of ERIC called ACCESS ERIC. What is the status of this component?

Mr. Cross: A three-year contract to operate ACCESS ERIC was awarded to Aspen Systems Corporation on May 5, 1989. Work on this contract is progressing well. To date, ACCESS ERIC has established a national 800-number contact point for the entire ERIC system; developed comprehensive catalogs of ERIC and OERI publications; nearly completed the development of four new references and referral files--including a directory of educational information services around the world--which will be available both online and in printed form; and begun preparing a prototype quarterly publication--The ERIC Review --to bring critical new educational information to teachers, administrators, and policymakers.

Mr. Early: Have you received a favorable response from the public in regards to ACCESS ERIC?

Mr. Cross: Yes, we are receiving very favorable public response to ACCESS ERIC. It has begun to be a recognizable component of the ERIC system, as evidenced by an increase of over 40 percent in inquiries in the last month. We expect that inquiries will continue to increase at a steady rate.

Mr. Early: How many individuals have used ACCESS ERIC since its implementation?

Mr. Cross: Since ACCESS ERIC's implementation, nearly 1,200 individuals have "ACCESSed ERIC." ACCESS ERIC has provided over 6,500 responses for information, and has distributed nearly 19,000 ERIC system products free of charge. The demand for products has far exceeded available resources; for instance, we recently received a request for 25,000 copies of one set of publications, for which we were able to provide only 200 copies. However, many ERIC products are deliberately prepared to be easily reproduced, so that users can widely disseminate these materials.

Mr. Early: What is the cost to the Department to run ACCESS ERIC?

Mr. Cross: The fiscal year 1991 request includes $400,000 for ACCESS ERIC, which is the approximate annual cost.

Mr. Early: Can any nominal fee be charged to help offset this cost?

Mr. Cross: Yes, some services and products to be developed by ACCESS ERIC will be offered for sale. It is expected that sales proceeds will be reinvested in the development and production of additional services and products.

LAB AND CENTER COMPETITIONS

Mr. Early: Both the National Education Research and Development Centers and the Regional Education Laboratories are up for competition. What is the status of this competition?

Mr. Cross: The Education Research and Development Centers competition was announced in the Federal Register on March 8, 1990. The closing date for receipt of proposals is June 15, 1990, and awards are scheduled for the fall of 1990. As for the Regional Education Laboratories, OERI has collected extensive advice from the field about the future of the laboratory program and the conduct of the competition. A notice of pending issuance of the request for proposals (RFP) was published in the Commerce Business Daily on March 7, 1990. The notice stated that the issuance date would be on or about April 18; however, OERI is trying to have the RFP issued before that date, preferably at the end of March or in early April. Proposals will be due on June 18, 1990. New contracts in the ten laboratory regions will be effective December 1, 1990.

Mr. Early: Do centers and laboratories that are currently being funded have any advantage over proposed centers?

Mr. Cross: We hope not. This is an open competition. The evaluation criteria to be applied in the review of research and development center applications are clearly stated in the Research and Development Center regulations. The review process will be conducted with external reviewers exclusively and will adhere strictly to the criteria. In light of the possible advantages to incumbents in the laboratory competition, OERI has structured the competition to be as fair as possible for all applicants. We are providing all of the information we developed to assist us in planning the competition to incumbent and non-incumbent competitors alike. In addition, the statement of work avoids requirements that would clearly favor the present laboratories, i.e., requiring applicants to name members of proposed governing boards in their proposals. (The present laboratories already have such boards. The statement of work therefore prohibits competitors from naming board members in their proposals.)

PUBLIC INPUT

Mr. Early: The Department, in preparation for the upcoming competition for new research and development centers, solicited advice from a cross section of individuals in the field and held two research agenda planning conferences. What were some of the comments made by participating individuals, and what recommendations made by the participants will the Department use for this competition?

Mr. Cross: In the spring of 1989, OERI set out to identify the kinds of research most likely to benefit learners. Recommendations were solicited from organizations and individuals having different perspectives on the present status of education and on how research and development could improve it. Parents, practitioners, policymakers, researchers, and public officials participated in two planning meetings, and representatives of various interest groups, including many education organizations, provided written comments. As a result of this preliminary work, staff analyses, and consideration of present national needs and the limits on available funds, OERI originally decided to recommend funding 12 R&D Centers.

A notice soliciting public comments on the proposed Centers was published in the Federal Register on September 12, 1989. Many people responded to the notice, indicating substantial support for all 12 proposed Center topics. In December 1989, a Blue Ribbon Group of outside experts in education and education research, chaired by then-Governor Thomas Kean of New Jersey, convened to review and discuss specific questions the proposed Centers should address. Both the public response and the Blue Ribbon Group indicated that additional topics should be added to the original list of 12.

Many of the recommendations OERI received called for substantially new initiatives. In previous years, recommendations generally had addressed how schools could improve on what they were already doing; current responses repeatedly suggested that "tinkering at the edges" and "business as usual" would not suffice. OERI therefore concluded that 18 new R&D Centers should be established. The planned Centers will support existing lines of inquiry that warrant further investigation, redirect some current research activity, and offer fundamentally new research directions.

As a group, the 18 Centers are designed to reflect a comprehensive approach to education aimed at improving teaching and learning for students of all ages, languages, and cultures in all schools. The Centers' purpose is to find imaginative ways to create educated graduates, accountable teachers and schools, productive workers, and knowledgeable citizens--all of which are vital to our national well-being.

In addition to the 18 missions, OERI regards student and teacher motivation and the dissemination of research findings as issues deserving special attention by each Center. Each Center is being encouraged to explore how students and teachers can take an active part in the education process thus improving their motivation to actively pursue educational goals. The establishment of a Center for Research on Dissemination and Knowledge Utilization indicates the importance OERI attaches to the use of research to improve education. All Centers are expected to disseminate their findings widely to diverse audiences. OERI strongly believes that R&D Centers should work with existing associations and organizations. In many of the mission statements, OERI suggests that the Center might collaborate with particular organizations and groups. The organizations listed are merely illustrative, and applicants should identify and justify the collaborative organizing most appropriate to their Center's mission.

PRINCIPAL TRAINING

Mr. Early: The Administration is requesting $25,000,000 for principal training. The Department plans to improve preparation of school principals by utilizing exemplary principals to train prospective principals. What criteria does the Department plan on using to select these exemplary principals?

Mr. Cross: The "mentors" will be identified using a wide range of sources, including State and local education agency recommendations, OERI's recognition programs, and professional associations at the national, State, and local levels. Because it is easier to identify cases of exceptional, outstanding performance than it is to identify exceptional potential, we expect the selection of mentors to be less difficult though no less careful or rigorous than the process used to select trainees. A national institute for the development of school leaders will be established to design and implement a valid process for selecting mentors (as well as one to be used to select trainees).

Mr. Early: Has the Department decided where the six to eight week summer residential training institute will take place?

Mr. Cross: There has been no decision as to the location of the summer training program, except that we plan to have at least two, and perhaps as many as six separate sites, in order to provide trainees with choices, both of location and of curriculum. Some trainees may wish to attend a summer institute close to their homes. Others may wish to choose based on the curriculum design. Our intent is for the institute to develop at least two and as many as six outstanding, state-of-the-art school leadership development curricula, integrating current research knowledge from a variety of sources, but with one or another emphasis or feature.

Mr. Early: Funds from this program will support the cost of the summer program and salaries and related costs for the principals-to-be during the year they spend in residence at another school. What will be the cost of this part of the program?

Mr. Cross: We estimate that between 80 and 90 percent of the total--between $20.0 million and $22.5 million--will be used for these training costs. The remainder will be used to create and support the institute, which is charged with designing training curricula, selecting trainees and mentors, administering the training programs, evaluating results, and disseminating products. Although our figures are rough estimates, we believe that the total cost per trainee will be about $40,000.

This assumes that the summer training should cost about $10,000 per trainee, including the salaries of trainers, facilities costs, materials, etc. A summer travel and living stipend of $6,000 is added to this, along with costs of $4,000 per mentor (the exemplary principals will receive two weeks of training along with the trainees they will work with in internships, later on). The total expenditures per trainee during the summer training are estimated to be approximately $20,000.

The internship costs are estimated to be $15,000, including an intern fellowship of about $10,000 and about $5,000 for training costs during the nine months of the internship. Finally, during the internship year we would provide participating schools with $5,000 per mentor, to defray administrative costs and support the costs of the time the mentor spends working with the intern, coaching and guiding him or her. Thus, the total internship costs is estimated at $20,000 per intern.

Mr. Early: What will be the amount of the salary paid to the principals-to-be during their residence year?

Mr. Cross: Our plans for this program are not yet final, but we are currently considering a plan that would have the Federal Government, under this program, providing intern-trainees with internship fellowships in the amount of $10,000. We expect that the school districts in which the interns receive their training and in which they will begin their careers as principals will also provide financial support. The Federal contribution is not a salary but a fellowship, intended to provide a minimal level of support during the internship period.

DROPOUT DEMONSTRATIONS

Mr. Dwyer: The budget justification requests $5 million to evaluate the, as yet unauthorized, drop-out prevention program. Was an evaluation conducted of the last 2 year drop-out demonstration program? What were the results on this evaluation? Will the results of this evaluation be used as a development tool for the new program?

Mr. Cross: The $5 million request you are referring to will not be used to evaluate programs. The $5 million request will support a National Research and Development Center for Improving High School Completion and Academic Performance Among Disadvantaged Secondary School Students, funded at $1.5 to $2.0 million per year for 5 years, and a national grants competition, funded at $3.0 to $3.5 million, to support an estimated 20-25 projects that will identify and document the effectiveness of specific approaches to improve high school completion rates and/or academic performance among disadvantaged students. These activities are designed to help achieve the national goal on high school completion.

The budget also inlcudes a $45 million request for the Dropout Prevention Demonstration program under Title VI, Part A of the Elementary and Secondary Education Act of 1965. That program was reauthorized by the Congress in February and was signed by the President March 6, 1990. We plan to use up to $2 million per year of that $45 million to evaluate the new program. Under the previous authorization, the Department funded 89 projects for two years -- 1988 and 1989. Although the previous program will provide a basis for determining the range of dropout prevention and reentry projects currently in existence, the projects for the most part do not focus on funding comprehensive programs that provide basic skills instruction, counseling, employment preparation, parental involvement, and adult mentors. Research has suggested that comprehensive programs, involving several components, are most effective in preventing students from dropping out of school. Preliminary results of the evaluation from the 1988-1989 program will be used in choosing models for replication in the demonstration program proposed in the 1991 budget.

NCES INCREASE

Mr. Dwyer: OERI has requested an 83 percent increase for the National Center for Education Statistics. Despite this sizeable increase, the Center will be using the funds to expand current activities, and does not plan any new initiatives. Please explain to Members of the Subcommittee how a mere expansion of current programs warrants an 83 percent increase.

Mr. Cross: In 1988, Congress enacted the Hawkins-Stafford Elementary and Secondary School Improvement Amendments, which included many specific and new authorizations for collecting and reporting statistical information. Examples include longitudinal studies that follow individual students over time, dropout statistics, international comparisons, school district analysis of decennial census data, cooperative work with States to compile more comparable data, and an expanded national assessment of student achievement. These were added to Congressional authorizations enacted in 1986 calling for more data on teachers, including supply and demand, better education finance information, and a recurring study of student financial aid.

The 1991 budget for statistics continues the development of data collections and reporting to meet these statutory requirements. Of the $18.9 million increase we are requesting for Statistics, most of the increase ($13.1 million) is due to surveys moving from planning stages into more expensive pretests or full data collection. These include full scale collections for the Schools and Staffing Surveys, senior year follow-up of the National Education Longitudinal Study of the Eighth Grade Class of 1988, mapping of 1990 Census data to school districts, the International Reading Literacy Study, and the next cycle of the Recent College Graduates Survey; and pretests of the base year studies of Postsecondary Beginning Students, the High School and Beyond 4th Follow-up, and the Adult Literacy Study.

The remaining $5.8 million of the increase, also following Hawkins-Stafford mandates, will fund continued activities to help us upgrade the comparability and detail of basic data about schools, especially data on finance and dropouts; improvement in our technical assistance, statistical analysis and evaluation, and dissemination capabilities; and analysis and reporting of data from surveys, production of NCES annual publications, and ADP support.

RURAL INITIATIVE

Mr. Dwyer: I understand that the Department proposes to increase support for the regional educational laboratories. It is also my understanding that the Department delayed outlaying funds for the regional laboratories and now there is a mismatch of fiscal years and outlays. Because of this lag, the Department's request of $1.0 million in budget authority for the new rural initiative would only fund two months, not a full year. What efforts are being made to insure that the rural initiative does not run short of funding in fiscal year 1991?

Mr. Cross: No interruption or decrease in rural education services or funding will be experienced by the laboratory regions as a result of this action. The nine Regional Educational Laboratories have been funded at increasing levels since 1987 to carry out rural education activities. However, the laboratory contract performance dates do not coincide with government fiscal years. The performance period for the laboratories' work under their 1989 rural funding ($5.138 million) ends September 30, 1990. Their base five-year contracts expire November 30, 1990. (Legally, the laboratories' contracts cannot exceed five years without competition.) To maintain the level of effort over a twelve-month period consistent with the budget authority for previous rural funding, OERI is issuing awards to the laboratories totalling $985,500 for rural education activities during the two-month period from October through November 1990. This will bring total obligations for the 1990 laboratory year to $23.7 million. Consistent with last year's appropriation and report language, OERI intends to award the remainder of the FY 1990 rural funds ($4,927,500) through system-wide recompetition of the laboratory program, to result in ten new laboratory contracts, which will begin on December 1, 1990. OERI's fiscal year 1991 budget request of $20.0 million includes $1.0 million for rural education, which is intended to maintain the total amount annually available to the labs for rural education at approximately $6.0 million.

PLACEMENT OF PRINCIPAL TRAINING

Mr. Dwyer: The Principal Training program, which is currently unauthorized, would recruit persons, who do not have education backgrounds, as principals and pair them with a mentor principal. Why has this program been placed under this account? Shouldn't Principal Training be under the School Improvement program as the Mid-Career Teaching program was?

Mr. Cross: We are proposing to carry out our proposed Principal Training program under section 405 of the General Education Provisions Act, which provides the Department broad authority to carry out research and development, improvement, and dissemination activities. We intend to carry out a research-based principal training program on a demonstration basis, which we will carefully evaluate and on the basis of which we will disseminate a great deal of useful information. The Mid-Career Teacher Training program is separately authorized by title V of the Higher Education Act and thus is not included in this account, which is limited to activities to be conducted under sections 405 and 406 of the GEPA.

SUMMIT FOLLOW-UP

Mr. Dwyer: The Department is requesting $20 million in a separate account to finance research and data collection activities on the results of the Charlottesville meeting. Why can't these research and data collection activities be conducted under existing accounts?

Mr. Cross: We are not requesting a separate account for our summit follow-up activities. We will carry out those activities under our existing research and data collection authorities under section 405 and section 406 of the General Education Provisions Act. We separately identified an amount within our overall Research, Statistics, and Improvement of Practice account for Education Summit Follow-Up to highlight the fact that new activities will be needed to gauge the Nation's progress toward the national goals and to help the States and localities determine what changes are needed or what strategies are likely to be effective in yielding the outcomes envisioned in the goals. However, at the time the budget was developed, the goals had not been announced, so we were unable to determine what specific new statistics, research, and dissemination activities should be added to our request. Thus, we requested the summit follow-up item as a placeholder. We are working now to develop the specific plans needed, but it will take some time to complete the task, as this is a joint undertaking between the Federal Government and the States.

SUPPORT FOR RESTRUCTURING

Mr. Hoyer: As you may know, the Governor of Maryland initiated a program that was mentioned in the President's budget that establishes an assessment of all 1200 elementary and secondary schools in the State, establishes new curriculum-based achievement tests for students, and a system of financial incentives for successful schools and increased State control for those that do not succeed. I am concerned that the only proposal for increasing meaningful financial support for States that are undertaking massive restructuring programs is in research. Could you comment?

Mr. Cross: Yes, I'd like to speak to that. First, it appears that the primary requirement for the kind of restructuring that is beginning to sweep across education is not a massive infusion of new Federal money but better information for schools and communities to use in setting goals and expectations, and better tools for getting feedback on results. Finding ways to do more with available resources--and get better results from them--is the primary thrust of restructuring, as I see it.

Second, I think it is important to be realistic and acknowledge that restructuring does have costs--it is not free. For example, it requires the development of new ideas of leadership in States, districts, schools, and communities, and it requires substantial time for everyone involved to learn new ways and unlearn old ones, to reflect anew on the mission of their schools, to hammer out new goals, to decide upon and implement new approaches, to check the results and make necessary adjustments. However, it is not yet clear how these critical local actions can best be carried out--with or without outside support.

One of our major aims, across all of the programs funded under the Research, Statistics, and Improvement of Practice account is to find and demonstrate approaches that work to improve results, and then provide the best possible information and technical assistance to help get those findings into use.

In that regard, I'd like to emphasize that in addition to supporting research, OERI is providing a wide range of other types of assistance and support for restructuring. Many of the schools and districts across the country that are pioneering in educational restructuring contribute to and also receive help from our programs such as the regional laboratories, the research centers, the Leadership in Educational Administration Development Program (LEAD), ERIC, the National Diffusion Network (NDN), and others. A number of the State LEAD Center directors are collaborating to outline the kinds of special training and staff development that are needed by principals in schools undertaking local restructuring initiatives. That activity, supported also by the Institute for Educational Leadership and a grant from the KRAFT Corporation, is producing a practical handbook that will be made available in all States through the LEAD Centers and its associated National LEADership Network. The regional laboratories also have identified restructuring as an area for collaborative work, and the North Central Regional Laboratory, working with Public Broadcasting Corporation, is now providing an eight-program broadcast on restructuring for educators and policymakers nationwide. In the critical area of accountability, we are working with leaders from a number of States to examine appropriate and workable ways of assessing results where restructuring is occurring.

As we work with these OERI-sponsored programs, we will be looking for other sound ways that Federal resources can be used to strengthen State and local restructuring efforts, perhaps in ways similar to those now used under Chapters 1 and 2 to encourage and strengthen local efforts to implement programs based on the effective schools research that was sponsored by OERI and its predecessors over the past two decades.

Good research and information isn't all it will take for schools across the United States to succeed in restructuring. But it isn't a bad place to start, to ensure that the other kinds of help we and others provide will in fact enable schools to do a better job--to achieve better results--with the resources they have at their disposal already.

TECHNICAL ASSISTANCE

Mr. Hoyer: I am also very concerned that we may indeed have sufficient information in many instances with regard to good models and strategies for reform, but that the Federal Government could help much more by providing the technical assistance that States and localities need to implement strong reform programs. Could you comment?

Mr. Cross: OERI does provide a great deal of technical assistance to States and localities to implement reforms, particularly through its Programs for the Improvement of Practice. This program administers the most intense Federally-funded technical assistance effort for implementing such reforms--the Regional Educational Laboratory Program. In fiscal year 1989, the laboratories provided assistance in the use of research and development-based knowledge for improving schools to all of the States and Territories. All nine laboratories have been contributing to State and local policies related to school reform, and all are supporting school-based improvement models. A recent GAO study (September 1989) found that over 1,500 school districts that have implemented effective schools programs received help from a regional laboratory in developing its program.

The regionally representative governing boards of the laboratories, with the active involvement of the chief State school officers, identify significant regional priorities, which are then addressed by the laboratories in their technical assistance efforts. Such priorities include rural and urban education, early childhood education, issues of choice, school restructuring, higher order thinking skills, teacher preparation, applications of technology, and problems of students at-risk of dropping out of school.

Among the many examples of specific laboratory accomplishments through technical assistance are the following:

- Research for Better Schools Laboratory (RBS) is assisting the Maryland State education agency to design a statewide program that will implement the recommendations of the Commission on Students At-Risk and the Committee on School Performance. At this point, RBS is providing technical assistance to State staff on the development of statewide goals and standards.

- Appalachia Laboratory assisted Hart County, Kentucky in using an R&D-based process to design a school-community partnership model that dramatically increased parent involvement in the district's schools.

- North Central Laboratory conducted a rural project in Iowa that supported a statewide effort in school reform with a focus on improvement of teacher recruitment and performance.

- Mid-Continent Laboratory assisted five pilot communities in South Dakota to successfully restructure their high school curricula to focus on economic development of the community through creation of jobs and businesses for students. Efforts are being expanded to the other six States in the lab's region.

- Southwest Laboratory trained trainers in 30 demonstration sites throughout the region to utilize effective schools research for school improvement and provided major support to the Arkansas governor's office in developing a system of State indicators on the condition of education in Arkansas.

- Far West Laboratory provided the Nevada SEA with a follow-up study of schools that participated in the State's school improvement project, documenting the nature of improvement activities and providing recommendations to help direct future policy. The lab's evaluation was used by the Nevada legislature and by districts in expanding the program.

- Northeast Laboratory provides technical assistance through its At-Risk Youth Initiative at the school level, where an "action team" of educators and parents implement changes, and at the level of State educational agencies, where it assesses needs and resources required for implementing change.

- Northwest Laboratory has worked directly with about 40,000 educators in its regions (Northwest and Pacific) to provide training and technical assistance, particularly through its "Onward to Excellence" school improvement program. The lab produced hundreds of applied research and development reports, publications, and resources documents, based on approximately forty different projects funded by OERI.

- Southeast Laboratory has provided materials and services that have been cited in numerous regional reports as major or contributing factors in changes in educational policy or practice; examples include contributions to North Carolina's policies on teacher evaluation, salaries, and incentives, and to policies in Mississippi that led to legislation that raised teachers' salaries.

OERI's National Diffusion Network also provides technical assistance to local schools, both public and private, interested in solving problems and improving student performance. The programs are proven and cost-effective. The support necessary for the implementation of these validated programs is made available through a State facilitator located in each State, the District of Columbia, and the territories. The duty of the State facilitator is to provide the link between local school districts and the resources available in the NDN. Validated programs are funded as Developer Demonstrators to provide training and materials necessary for local schools to implement their programs. Continuing support and follow up is also provided.

NDN Programs are rigorously examined for their ability to prove effectiveness and their ability to be replicated. The credibility of NDN programs to accomplish what they say they will do is and has been a cornerstone of the network's success. In 1988-89 over 29,000 public and private schools in all 50 states, the District of Columbia, Puerto Rico, and the Virgin Islands adopted NDN programs providing inservice training to 82,600 educators and benefiting 4.1 million students.

RESISTANCE TO REFORM

Mr. Hoyer: Secretary Cavazos has said that there is tremendous resistance to reform at the local level, and I wondered if there is anything in this budget that will help overcome that type of obstacle to progress?

Mr. Cross: One of our proposals focuses on the evaluation of education reform. The Office of Research is going to document education reform activities taking place around the country at the local and State levels. These local reform efforts are attempts by local parties to deal in new and innovative ways with the problems of American education. No documentation and evaluation of such reform efforts exists, because localities have not tried such reforms in the past. The purpose of our activity is to document, as far as possible, the natural development of these efforts and to determine the advantages and disadvantages of the different reform attempts. We plan to make the findings available in forms useful to other localities, so that future reform efforts are informed by the lessons that others have learned.

Reform efforts are taking place in many States and in many local school districts. Examples of the kinds of activities we might document include a case with heavy involvement of local citizens. Chicago is beginning what some have called the most radical attempt in the United States to revamp a big-city school system. Each Chicago school will be run by a parent-led council using powers currently held by the Board of Education. This abrupt shift of power to the parents will give them the authority to approve budgets, make curriculum recommendations, and hire and fire principals. It is imperative that the Office of Research conduct field research to document the early stages of this revolution.

Another interesting case represents important involvement by a university. Recently Boston University's School of Education was asked by the school board of Chelsea (Massachusetts) to assume management authority for the district's public schools. This decision was seen as an alternative to the educational bankruptcy approaches adopted by New Jersey. It is imperative that the Office of Research conduct field research to document the early stages of this experiment.

There are other interesting cases that include substantial involvement by State agencies. New Jersey's recent educational bankruptcy initiative in the Jersey City schools gives the State authority to manage local school districts that are determined to be in a state of insuperable difficulty. This intervention by the State is being watched closely by other States where there is strong popular pressure for State-mandated and enforced educational accountability programs. OERI needs to be well informed about this attempt, which is widely regarded as a critical early experiment that may expand State powers to improve local schools.

Another local innovation that may hold important lessons for other localities involves restructuring of the local school apparatus. Dade County/Miami has nearly half of its schools engaged in a school-based decisionmaking initiative where the principal, teachers, and community share in decisions regarding the budget and operation of the school -- without central office dictate or interference. The Saturn School in St. Paul is a cooperative initiative to redesign the school from the ground up. Teachers and students are designing programs using innovative learning technologies to meet student learning needs. San Diego is working with secondary schools, which have been empowered to redesign curriculum and instruction in order to integrate fragmented disciplines in the humanities, mathematics, and the sciences.

Because many of these reform efforts are particularly innovative and could prove to be useful in a variety of local settings, it is important that OERI provide information that can inform other local improvement efforts. We believe that the dissemination of examples of successful local reforms will help alleviate local resistance. We believe that as people become more informed about local success, they will be anxious to emulate it.

NATIONAL BOARD FOR PROFESSIONAL TEACHER STANDARDS

Mr. Hoyer: The committee provided $5 million for FY 90 contingent upon enactment of an authorization for the NBPTS. What is the status of the appropriated funds and can you also update the committee on the status of the authorization?

Mr. Cross: The appropriated funds remain available for obligation. Authorizing legislation has been enacted by the Senate, but it does not authorize support for the Board under section 405 of the General Education Provisions Act, which is the authority for which the funds were appropriated. Authorizing legislation has not been acted upon by the House.

Mr. Hoyer: It was my impression that the Department has some genuine interest in this area, but that there are concerns within the Department that it should be very closely involved in the development and oversight of this effort to establish voluntary guidelines or standards by which systems and individuals may measure themselves against a national baseline. Could you comment on the NBPTS goals and how they may support the goals of education reform?

Mr. Cross: The Department supports the mission of the National Board for Professional Teaching Standards. Central to its mission is the creation of a system for the certification of experienced teachers. It will develop a process for conferring distinction upon those who meet high and rigorous standards, a process that is governed by the profession, that is national in scope, and that is voluntary. It is different from the State certification/licensure process, which regulates entry to practice for beginning teachers based on minimum standards, and is mandatory. The Board's goal of certification for experienced teachers aims at establishing advanced, high and rigorous standards that constitute a mark of distinction. Thus, Board standards are for accomplished practice, as determined by professional consensus. And, unlike State licensure, Board standards will not vary from State to State.

The Board potentially has a major contribution to make in the education reform efforts. By defining high and rigorous standards for teaching, and implementing those standards through a thorough and authentic assessment process, the professional status of teaching can be raised and the intellectual challenges of teaching will become more evident. A major outcome is expected to be increased attractiveness of the profession to highly qualified individuals. It may also be the case that school districts would choose to pay higher salaries to teachers who were nationally certified, as well as to provide them with leadership roles and responsibilities for mentoring other teachers. Furthermore, this assessment process may have an impact on how teachers are prepared in preservice programs, as well as on the nature of continuing professional development programs.

The Department's concerns are not those you have expressed in your question. On the contrary, it is the position of the Department that there should not be Federal involvement in setting standards for the profession. The Board has requested funds for research activities that would form the basis for its professional assessments. Were we to provide those funds, we would want involvement in how they are awarded. As it stands now, the proposal is for funds to go directly to the Board, which would in turn award contracts using its own peer review and evaluation system. This would circumvent the Department's existing system for review, evaluation, and monitoring of research awards.

RESEARCH CENTER SHIFT AWAY FROM HIGHER EDUCATION

Mr. Hoyer: The Department has been developing the mission areas for the new research and development centers. Can you provide an overview of the Department's activities in this area, including how many centers are funded in FY '90 and FY '91?

Mr. Cross: The Department is currently supporting 17 national Educational Research and Development Centers, 10 of which will expire this year. The Department has announced in the Federal Register competitions for 18 new Centers. The mission of each Center is based on individual priorities, or combinations of priorities, from the list in 34 CFR 706.3. The priorities that define the Centers' missions are listed in the Notice. An applicant for a Center grant or cooperative agreement must respond to the specific priorities established for that Center. The grant application package is intended to offer additional guidance to applicants about addressing the mission and priorities of each Center, not to impose any requirements other than those established by statute or regulations. In all cases, the Centers should have as their ultimate purpose the improvement of education for all learners. The 18 Centers are as follows:

Research on Dissemination and Knowledge Utilization. The Center will focus on the most effective ways to communicate education information and research findings.

Assessment, Evaluation, and Testing. The Center will focus on research into new and alternative assessments of student learning; assessment theories, models, and methods; and the effects of assessment practices.

Families, Communities, and Children's Learning. The Center will focus on research designed to help families and communities educate their young children.

Education in the Inner Cities. The Center will conduct research on the distinctive characteristics of inner-city education, taking into account the social, economic, cultural, and political conditions in which children and adolescents live and go to school.

Cultural Diversity and Second Language Learning. The Center will focus on issues related to the wide range of linguistic and cultural backgrounds represented in American Classrooms.

Writing and Literacy. The Center will focus on research needed to improve all student's writing skills.

Student Learning. The Center will conduct research on new approaches to teaching students how to become competent thinkers, learners, and problem solvers.

Learning to Teach. The Center will conduct research on how elementary and secondary teachers develop expertise over the course of their careers.

Postsecondary Learning, Teaching, and Assessment. The Center will focus on research to identify various institutions' objectives in undergraduate student learning, ways to enhance that learning, and effective and credible methods of assessing its quality and results.

Teacher Performance Evaluation and Educational Accountability. The Center will provide information to schools, school districts, and States to guide their evaluations of teachers, administrators, and schools.

Education Policies and Student Learning. The Center will focus on research to help education policymakers create policies that promote effective learning.

Adult Literacy. The Center will seek to strengthen and expand existing knowledge about adult literacy and subliteracy, skills training, and instructional programs and will be expected to improve the accessibility of the information in these areas.

Education Quality of the Workforce. The Center will conduct research on the educational requirements of jobs in various fields, and will determine the short- and long-term effects of school and college achievement.

Organization and Restructuring of Schools. The Center will focus on how school organization affects student performance by investigating alternative ideas and methods for organizing and restructuring schools.

Mathematics Teaching and Learning. The Center will focus on research into improving students' mathematical reasoning and thinking abilities from early childhood through high school.

Science Teaching and Learning. The Center will conduct research in the learning, instruction, and assessment of science education from kindergarten through grade 12.

Education Finance and Productivity. The Center will focus on the relationship between education quality and school finance from the elementary through postsecondary levels.

Literature Teaching and Learning. The Center will focus on ways to improve all students' critical thinking skills through teaching and learning literature effectively.

Awards for seven of the centers--Teacher Performance Evaluation and Educational Accountability; Adult Literacy; Education in the Inner Cities; Families, Communities, and

Children's Learning; Education Quality of the Workforce; Organization and Restructuring of Schools; and Science Teaching and Learning--will be made by September 30, 1990. However, only one, the Center on Teacher Performance Evaluation and Educational Accountability, will be awarded a full twelve months of funding by September 30. The others will receive additional funds after October 1, 1990, and awards for the remaining eleven centers will be made by December 1, 1990.

Mr. Hoyer: Is there a shift away from higher education concerns?

Mr. Cross: No. In previous competitions there were three higher education centers: the National Center for Postsecondary Governance and Finance; the National Center for Research to Improve Postsecondary Teaching and Learning; and the National Center on Education and Employment. These centers end on November 30, 1990. In the upcoming centers competition, we have three new centers that continue our focus on issues in higher education: Postsecondary Learning, Teaching, and Assessment; Education Quality of the Workforce; and Education Finance and Productivity.

Mr. Hoyer: Is there adequate provision for capitalizing on the work that has been done or is underway at these currently funded centers, and would you maintain your support for some of the older mission areas if you had additional resources?

Mr. Cross: Yes, we have and will continue to capitalize on the work of each currently funded center. The centers are carefully monitored by experienced staff in the Office of Research. Every year, through the continuation application process, the work of the centers is significantly reviewed before the next year's funds are awarded. Results of ongoing research and products are reviewed and disseminated to the field. Each center has a National Advisory Panel, which advises it on how best to disseminate its products. In addition, the Office of Research has recently employed an expert in dissemination who reports directly to the Director and is responsible for developing more creative mechanisms to enable us to more effectively capitalize on the research and products being developed by the centers.

We believe we have adequately addressed those higher education issues being explored by our existing centers that warrant continued examination by new centers to be established under the education research and development center competition.

TEACHER SALARIES

Mr. Hoyer: The Southeast Regional Laboratory has conducted a teacher wage comparability study which was the basis for adjustments in teacher salaries in some southeastern States. Does OERI have any data on the impact of increased teacher salaries or similar efforts on school improvement and student achievement?

Mr. Cross: An Analysis of the Comparability of Teacher Salaries to the Earnings of Other College Graduates in the Southeast: 1989 Update, by the Southeast Educational Improvement Laboratory, is based on data compiled from the U.S. Census Bureau's Current Population Survey (March 1989) and compares the average annual earnings of teachers to the average annual earnings of college graduates in full-time, salaried nonteaching positions in six Southeastern States. The report does not contain data on the impact of increased teacher salaries on school improvement or student achievement.

DATA ON DROPOUTS

Mr. Conte: As long as I can remember we've had school dropouts. And as long as I can remember we've had difficulty measuring them. There is conflicting information about how widespread the dropout crisis really is. The definitions of what a dropout is vary throughout the nation. Plus it's hard to keep track of dropouts. I suppose the figures depend on which side you're on in the grant writing process. Your longitudinal study of 1988 looks at the dropout issue. How big of a problem do we have with dropouts and the collection of data about them?

Mr. Cross: The first annual report on dropouts was submitted to Congress in September 1989. The report was based on national data from the Current Population Survey (CPS) and the NCES longitudinal survey which began in 1980, High School and Beyond (HS&B). Information was presented in the report pertaining to three different types of dropout rates -- event, status, and cohort. Each of the three types of dropout rates measures a different facet of dropping out.

- Event dropout rates measure the proportion of students who drop out in a single year without completing high school. Between October 1985 and October 1988, an average of 4.4 percent of all students in grades 10-12 dropped out of high school. Approximately 460,000 students in grades 10-12 dropped out between October 1987 and October 1988.

- Status dropout rates measures the proportion of the population who have not completed high school and are not enrolled at one point in time, regardless of when they dropped out. In October 1988, nearly 13 percent of all 16- to 24-year-olds, nearly 4.2 million young adults, were out of school and had not completed high school.

- Cohort rates measure what happens to a single group (or cohort) of students over a period of time. Among the sophomore class of 1980, 17 percent failed to graduate by June of 1982. Nearly half (46 percent) of those dropouts had completed high school by 1986, that is, within four years of the expected date of their graduation.

NCES has devoted considerable effort and resources over the past several years to improving the quantity and quality of dropout statistics. We have three new data collections, in the field or presently being field tested, which should considerably increase the accuracy and scope of data available on dropouts in the near future.

- National Education Longitudinal Study of 1988 (NELS:88). NELS:88 will provide even more extensive data about dropouts than High School and Beyond, including estimates of the extent of dropping out prior to 10th grade. Estimates of dropout rates between 8th and 10th grade will be available from NELS in 1991.

- Common Core of Data (CCD). A common definition of a dropout has been developed for use in collecting data on dropouts through CCD. It is currently being field tested. If the field test results are positive, this method of collecting dropout data would be implemented for the 1991-92 data collection, and dropout rates by race/ethnicity, sex, and grade (grades 7-12) would be available in December 1992 for every State and every school district.

- National Household Education Survey (NHES). The results of the fall 1989 pilot test of this new telephone survey of households are currently being analyzed. NHES may be a means of developing more precise estimates of dropout rates, especially for minority groups, while also collecting more extensive background information about dropouts (and nondropouts) and about factors related to dropping out of school.

Within the next few years NCES envisions a comprehensive system for collecting data on dropouts, which includes the existing data sources, the October supplement to CPS and HS&B; the new longitudinal survey (NELS:88); and as many as two additional components, CCD and NHES, depending upon the outcomes of the field tests. Once this comprehensive system is in place, the major problems of the past with regard to data availability on dropouts and dropout rates will have been addressed.

NETWORKS

Mr. Conte: Many folks are doing education research, most of them have computers. In addition many States and associations, such as those for the Governors, State Legislators and the Chief State School Officers, have databases. To what extent are you working to build networks between the various sources of information? What problems are there with doing this sort of thing?

Mr. Cross: NCES has taken several initial steps to explore the feasibility of creating a network of databases among the States and the Federal Government. These activities include:

- Support of survey conducted by the Council of Chief State School Officers to assess the computer capacity of each State;
- Joint sponsorship with Florida of an annual Management Information Systems Conference for States to share information on technical ADP developments;
- Support of a five-State pilot test to design and implement a student record transfer system to allow transmission of records within States, between States, and between State or local education agencies and institutions of higher education;
- Establishment of the Technology, Communication, and Dissemination Committee within the National Forum on Education Statistics to develop a blueprint for a national database network involving the States and the Federal Government;
- Support of the work of a team of ASA/NCES/NSF Fellows to design a customized national database for education statistics using the latest technology; and
- Development of a National Data Resource Center to provide an integrated database consisting of statistical data that may be accessed by a variety of users including States, education associations, and education researchers.

There are a number of problems associated with implementation of these activities. For example, only a few States have developed fully automated State databases that could be linked into a national network; fully uniform and comparable data element definitions do not yet exist; and some States do not have the financial resources to develop the capacity to participate in a national network.

The NCES is working toward solution of these problems and attainment of the networking goals through the National Cooperative Education Statistics System. However, full implementation of these networks will require several years of continued developmental work and the targeting of resources, both State and Federal, to the effort.

RESEARCH BUDGET

Mr. Conte: Mr. Cross, you're requesting $56 million for the research budget. Can you give us a breakout of the big ticket items in this request?

Mr. Cross: The fiscal year 1991 request for Research activities, exclusive of the President's initiatives, includes the following major items:

National Research and Development Centers....	$21,760,000
Regional Educational Laboratories............	20,000,000
Educational Resource Information Centers.....	6,690,000
Field-initiated Research Grants..............	1,000,000
Other Research activities....................	6,479,000
Other Improvement of Practice activities.....	3,105,000
Other Dissemination activities...............	2,288,000
Total................................	61,322,000

ASSESSMENT

Mr. Conte: Developing better tools for evaluating students, teachers and schools is important to the reform movement. At the President's meeting with the Governors last week the question surfaced about who should control the assessment process? What do you think about this issue?

Mr. Cross: A Press Release was issued by the White House following the discussions and decisions of the Governors' Winter Meeting in February, 1990. In that document there is mention of the issues surrounding "accurate, comparable, appropriate, and constructive" measurements of progress toward reaching the national education goals. Three essential points are made:

- "...appropriate, nationally-directed research, demonstration, data collection, and innovation should be maintained and recognized as a set of core responsibilities of the federal government in education."

- "The President and the Governors agree that...we do not need a new data-gathering agency...."

- "...we do need a bipartisan group to oversee the process of determining and developing appropriate measures and reporting on the progress toward meeting the goals."

OERI will continue to fulfill its mission in educational research, demonstration, and statistical data gathering and reporting for all education, in addition to any new activity brought about as a result of the establishment of national education goals. Thus far, OERI has already provided the White House and the Governors advice and assistance on data and assumes that role will continue to be an important and ongoing one as we move into the implementation and monitoring of the effort. Since many of our current surveys have been mentioned in various background documents surrounding the goals, e.g., the National Assessment of Educational Progress, it is clear that OERI will be heavily relied upon to collect much of the data that will be used for monitoring progress.

In addition, OERI would play a major role in providing its expertise to advise on and participate in the development of new assessment measures and methods of data collection.

As to the issue of establishing a bipartisan oversight group, much is yet to be decided about how such a group would be established, the precise role it would play, and how it would interact with OERI in implementing the group's decisions. However, given that OERI already has considerable experience with such advisory bodies--for example, the National Assessment Governing Board, the National Advisory Council on Educational Research and Improvement, and various "blue-ribbon" panels that have been established from time to time to advise OERI on the substance of its work--we anticipate that a professional and constructive relationship can be achieved.

EVALUATING REFORMS

Mr. Conte: You are requesting $3 million to conduct 12 studies of the education reform strategies which have been effectively used in the States. What do you want to find out from these studies? Isn't there a lot of this kind of stuff already out there?

Mr. Cross: The Office of Research is going to document education reform activities taking place around the country at the local and State levels. These local reform efforts are attempts by local parties to deal in new and innovative ways with the problems of American education. No documentation and evaluation of such reform efforts exists, because localities have not tried such reforms in the past. The purpose of our activity is to document as far as possible the natural development of these efforts and to determine the advantages and disadvantages of the different reform attempts. We plan to make the findings available in forms useful to other localities, so that future reform efforts are informed by the lessons that others have learned.

Reform efforts are taking place in many States and in many local school districts. Examples of the kinds of activities we might document include a case with heavy involvement of local citizens. Chicago is beginning what some have called the most radical attempt in the United States to revamp a big-city school system. Each Chicago school will be run by a parent-led council using powers currently held by the Board of Education. This abrupt shift of power to the parents will give them the authority to approve budgets, make curriculum recommendations, and hire and fire principals. It is imperative that the Office of Research conduct field research to document the early stage of this revolution.

Another interesting case represents important involvement by a university. Recently Boston University's School of Education was asked by the school board of Chelsea (Massachusetts) to assume management authority for the district's public schools. This decision was seen as an alternative to the educational bankruptcy approaches adopted by New Jersey. It is imperative that the Office of Research conduct field research to document the early stages of this experiment.

There are other interesting cases that include substantial involvement by State agencies. New Jersey's recent educational bankruptcy initiative in the Jersey City schools gives the State authority to manage local school districts that are determined to be in a state of insuperable difficulty. This intervention by the State is being watched closely by other States where there is strong popular pressure for State-mandated and enforced educational accountability programs. OERI needs to be well informed about this attempt, which is widely regarded as a critical early experiment that may expand State powers to improve local schools.

Another local innovation that may hold important lessons for other localities involves restructuring of the local school apparatus. Dade County/Miami has nearly half of its schools engaged in a school-based decisionmaking initiative where the principal, teachers, and community share in decisions regarding the budget and operation of the school -- without central office dictate or interference. The Saturn School in St. Paul is a cooperative initiative to redesign the school from the ground up. Teachers and students are designing programs using innovative learning technologies to meet student learning needs. San Diego is working with secondary schools, which have been empowered to redesign curriculum and instruction, in order to integrate fragmented disciplines in the humanities, mathematics, and the sciences.

Because many of these reform efforts are particularly innovative and could prove to be useful in a variety of local settings, it is important that OERI provide information that can inform other local improvement efforts. We believe that the dissemination of examples of successful local reforms will encourage the many communities that have yet to attempt change to begin.

PRINCIPAL TRAINING

Mr. Conte: I've long thought that the leadership provided by school principals is critical to the effectiveness of our schools. This will be especially true if there is more site based management in the future. You're requesting $25 million for a principal training project. How do you plan to select the principal candidates and mentors who will participate in this program?

Mr. Cross: A national institute for the development of school leaders will be established to design and oversee the process of identifying and selecting candidates, as well as planning and coordinating the program.

Trainee candidates are to be solicited from any and all sources, including national teacher and administrator associations, State and local associations of education professionals, business and industry, and public-sector organizations (the military, government, etc.). We plan to cast as wide a net as possible, to attract individuals with exceptional potential.

The selection process for trainees will be designed and run by the institute and will be based on the best current knowledge of human resource management. This means that among the selection procedures used will be the careful assessment of formal written applications, assessment of past experiences and qualifications, structured interviews, evaluation of references, and appropriately designed or identified tests, perhaps including an assessment center. An important early charge of the institute will be the formal development of a standard selection process.

Mentors will be identified from a wide range of sources, including State and local education agency recommendations, OERI's recognition programs, and professional associations at the national, State, and local levels. Because it is easier to identify cases of exceptional, outstanding performance, than it is to identify exceptional potential, we expect the selection of mentors to be less difficult--though not less careful or rigorous--than the process used to select trainees. The institute will be responsible for designing and implementing a valid, standard process for selecting mentors, as well as one for selecting trainees.

ALTERNATIVE CERTIFICATION

Mr. Conte: Does the proposed Principal Training Initiative duplicate any activities that might be supported by your proposed program for Alternative Certification of Teachers and Principals?

Mr. Cross: The two programs do not overlap and are not duplicative.

The Principal Training initiative is aimed at a broad spectrum of persons with high potential for becoming effective school leaders, and it is expected that many will be education professionals; the intent is not solely to provide a route for persons outside of education to enter the field of educational administration.

While both programs may involve training, the Alternative Certification program is administered at the State level and may or may not involve leadership training. Leadership training and development is, however, the central focus of the Principal Training initiative, which will be a national program developed and operated at the national level.

DROPOUT PROJECTS

Mr. Conte: What other dropout prevention projects do you want to fund?

Mr. Cross: Of the $5 million requested for dropout prevention, $3.0 to $3.5 million will be used for a national grants competition designed to support an estimated 20-25 projects that will identify and document the effectiveness of specific approaches to improve high school completion rates and/or academic performance among disadvantaged students. These projects will target specific problems of disadvantaged students (e.g., academic difficulties, lack of learning opportunities, family problems, personal problems, etc.) and corresponding strategies to help them overcome those problems (academic programs at the middle or high school level, school improvement, public library programs, social and mental health agency services, etc.). Projects will also include the design and implementation of strategies to improve the coordination of various agencies in their efforts to help disadvantaged students.

NATIONAL BOARD FOR PROFESSIONAL TEACHING STANDARDS

Mr. Conte: Congress set aside $5 million for the National Board for Professional Teaching Standards. What do you think about the board?

Mr. Cross: The Department supports the stated mission of the National Board for Professional Teaching Standards, which is the creation of a voluntary system for the certification of experienced teachers. The Board could potentially contribute to education reform efforts. By defining high standards for teaching, and implementing those standards through a thorough and authentic assessment process, it could help raise the professional status of teaching and increase the attractiveness of the profession to highly qualified individuals. It may also be the case that school districts would choose to pay higher salaries to teachers who meet high standards, as well as provide them with leadership roles and responsibilities for mentoring other teachers. The assessment process could have an impact on how teachers are prepared in preservice programs, as well as on the nature of continuing professional development programs.

However, there should not be Federal involvement in setting standards for the profession, and it would be highly inappropriate to provide Federal funding to the Board in the manner proposed. The Board, as it is presently constituted, is a private organization that operates with total independence from the Federal government. We believe that is the way it should remain. We have three major concerns about Federal funding for the Board. First, the Department, as a rule, opposes sole source contracts, particularly when the recipient of Federal dollars does not have an established track record and the money is to be used for unspecified research and development activities. Second, the proposal under consideration lacks accountability to the Secretary of Education. Third, the funds requested by the Board ($25 million) are excessive, and the research would likely duplicate research activities that are currently under way or that are planned by the Department.

UNSOLICITED GRANTS

Mr. Conte: In your research budget how much money are you requesting for funding unsolicited grants?

Mr. Cross: We do not have a specific request for unsolicited grants. We have requested $1.0 million for field-initiated grants. Although we won't set the topics for these grants (they will be set by the investigators who will apply), we will publish a notice inviting applications for field-initiatied research studies, and the applicants will compete for funding. Such awards would not be considered unsolicited grants.

SCHOOL HEALTH

Mr. Conte: Mr. Cross, last week I was told that it would not be useful to have an Office of School Health in the Secretary's office. It was said that this kind of thing isn't done because the person would be isolated, and thus not able to do anything. Afterwards I heard that Dr. Cavazos named someone to be his special advisor on school dropouts, right in his office. What is going on here? Why dropouts and not school health?

Mr. Cross: The Secretary has named a special advisor on dropouts, but that is a limited term appointment, not a permanent position. The Secretary has also announced that he will name a special assistant on teacher education. These individuals, however, will not be administering grant programs. In the case of Comprehensive School Health, we have legislation to implement and a grant program to administer. There are no instances of that type of activity being located in the Office of the Secretary.

Mr. Conte: Please provide a list of all special offices and advisors in the Secretary's office.

Mr. Cross: Besides the two advisors mentioned above, the Secretary's office includes an Executive Assistant on Private Education and a Staff Director for Drug Abuse Prevention Oversight.

JUSTIFICATION OF THE BUDGET ESTIMATES

DEPARTMENT OF EDUCATION

Research, Statistics, and Improvement of Practice

Fiscal Year 1991 Budget Request Page No.

Appropriation language....P-1

Explanation of language changes....P-1

Language analysis....P-2

Amounts available for obligation....P-3

Budget authority by activity....P-4

Budget authority by object....P-5

Summary of changes....P-6

Authorizing legislation....P-7

Table of estimates and appropriations....P-8

Significant items in congressional appropriations reports....P-9

Justification:

Account summary....P-12

Activities:
1. Research....P-14
2. Statistics....P-22
3. Assessment....P-27
4. Evaluation of reform....P-29
5. Dropout prevention....P-30
6. Principal training....P-31
7. Education summit follow-up....P-32

[EDUCATION] RESEARCH, [AND] STATISTICS, AND IMPROVEMENT OF PRACTICE

For necessary expenses to carry out section 405 and section 406 of the General Education Provisions Act, as amended, [$96,375,000, of which $6,000,000, to remain available until December 31, 1990, shall be for the rural education program conducted by the regional laboratories] 1/ $174,726,000, of which $25,000,000 shall be for activities to improve the training of school principals and may be used for payment of stipends and such allowances as the Secretary deems appropriate. 2/ (Department of Education Appropriations Act, 1990.)

Explanation of Language Changes

1/ Language earmarking funds for the rural education program conducted by the regional laboratories is deleted. This language is unnecessary, because the Department is incorporating the rural program as a component of the basic laboratory program, and the funds to do so have been included in the budget request.

2/ Language related to the President's initiative to improve the training of school principals is added to ensure that funds may be used to support costs of participants in the training program.

Research, Statistics, and Improvement of Practice

Language Analysis

Language Provision	Explanation
[...of which $6,000,000, to remain available until December 31, 1990, shall be for the rural education program conducted by the regional laboratories]	This language allows funds for the rural education program to support rural education activity under the new laboratory contracts to be awarded early in fiscal year 1991. The 1989 rural funds were awarded in September 1989 to support activity through September 30, 1990. The core laboratory contracts, to which the rural activities were added, expire on November 30, 1990. One-sixth of the 1990 rural funds will be used to ensure that there is no lapse in rural assistance between September 30 and November 30. The balance of the funds will be used to support a rural component under the new laboratory contracts to begin on December 1, 1990.
of which $25,000,000 shall be for activities to improve the training of school principals and may be used for payment of stipends and such allowances as the Secretary deems appropriate.	This language would require that $25,000,000 of the amount appropriated be used for a new program to improve the training and skills of school principals. The language would also ensure that both the exemplary principals and prospective principals participating in the training program could receive stipends and such allowances to defray their expenses as the Secretary deems appropriate.

Research, Statistics, and Improvement of Practice

Amounts Available for Obligation

	1989	1990	1991
Appropriation:			
Annual........................	$78,201,000	$96,375,000	$174,726,000
Sequester.....................	---	-1,134,000	---
Subtotal, adjusted appropriation............	78,201,000	95,241,000	174,726,000
Unobligated balance lapsing....	-13,000	---	---
Total obligations..........	78,188,000 1/	95,241,000	174,726,000

1/ Excludes reimbursable amounts of $75,000 in 1989 for activities carried out under this account.

Research, Statistics, and Improvement of Practice

Budget Authority by Activity

	1989 Appropriation	1990 Appropriation	1990 Revised	1991 Request
1. Research....................	$47,079,000	$55,502,000	$55,502,000	$61,322,000
2. Statistics..................	21,736,000	24,955,000	22,655,000	41,538,000
3. Assessment..................	9,386,000	14,784,000	17,084,0000	18,866,000
4. Evaluation of reform........	---	---	---	3,000,000
5. Dropout prevention..........	---	---	---	5,000,000
6. Principal training..........	---	---	---	25,000,000
7. Education Summit follow-up...	---	---	---	20,000,000
Total................	78,201,000	95,241,000	95,241,000	174,726,000

Explanation of 1990 Revisions

Amounts reflect a proposed reprogramming of $2,300,000 from Statistics to Assessment to cover additional costs related to the 1990 State-representative assessments of students' mathematics achievement at the eighth grade level.

Research, Statistics, and Improvement of Practice

Budget Authority by Object

	1989 Appropriation	1990 Appropriation	1991 Request
Other services:			
Project contracts............	$52,127,000	$63,389,000	$116,298,000
Grants, subsidies and contributions................	26,074,000	31,852,000	58,428,000
Total.................	78,201,000	95,241,000	174,726,000

Research, Statistics, and Improvement of Practice

Summary of Changes

1990 Appropriation	$95,241,000
1991 Request	174,726,000
Net change	+79,485,000

	1990 base	Change from base
Increases:		
Program:		
1. Research--Increase for national research and development centers, field-initiated research, and new research on various topics related to improvement and reform	$55,502,000	+$5,820,000
2. Statistics--Increase to cover the costs of mandated surveys and other statistics activities	22,655,000	+18,883,000
3. Assessment--Increase to cover the costs of additional, trial State-representative assessments	17,084,000	+1,782,000
4. Evaluation of reform--Increase for new initiative to provide information about effects of given reform strategies	---	+3,000,000
5. Dropout prevention--Increase for new research and development activities to help inform dropout prevention efforts	---	+5,000,000
6. Principal training--Increase for new initiative to improve training of principals	---	+25,000,000
7. Education summit follow-up--Increase for activities related to national performance goals and increased flexibility	---	+20,000,000
Net Change		+79,485,000

Research, Statistics, and Improvement of Practice

Authorizing Legislation

Activity	Legislative Citation	1990 Authorized	1990 Appropriation	1991 Authorized	1991 Request
1. Research	GEPA, Sec. 405	Indefinite	$55,502,000	Indefinite	$61,322,000
2. Statistics	GEPA, Sec. 406	Indefinite	22,655,000	Indefinite	41,538,000
3. Assessment	GEPA, Sec. 406(i)	Indefinite	17,084,000	Indefinite	18,866,000
4. Evaluation of reform	GEPA, Sec. 405	Indefinite	---	Indefinite	3,000,000
5. Dropout prevention	GEPA, Sec. 405	Indefinite	---	Indefinite	5,000,000
6. Principal training	GEPA, Sec. 405	Indefinite	---	Indefinite	25,000,000
7. Education summit follow-up	GEPA, Sec. 405 and Sec. 406	Indefinite	---	Indefinite	20,000,000
Total, definite authorization....		---	95,241,000	---	174,726,000

Research, Statistics, and Improvement of Practice

Table of Estimates and Appropriations

	Budget Estimate to Congress	House Allowance	Senate Allowance	Appropriation 1/
1982	$62,392,000	$64,561,000	$64,561,000	$61,979,000
1983	62,392,000	61,978,000	64,203,000	64,203,000
1984	56,978,000	56,978,000	56,978,000	56,978,000
1985	62,978,000	62,978,000	56,978,000	59,978,000
1986	59,978,000	59,978,000	59,978,000	59,978,000
1986 Sequester				-2,579,000
1987	70,231,000	8,747,000 2/	63,578,000	63,578,000
1988	70,231,000	73,801,000	69,231,000	67,526,000
1989	81,000,000	83,512,000	74,460,000	78,201,000
1990	101,330,000	100,330,000	95,420,000	96,375,000
1990 Sequester				-1,134,000
1991	174,726,000			

1/ Reflects enacted supplementals, rescissions, and reappropriations in amounts appropriated prior to fiscal year 1985.

2/ Did not include funds for research activities under GEPA, section 405, which was pending reauthorization.

Research, Statistics, and Improvement of Practice

Significant Items in Congressional Appropriations Reports

Item	Action taken or to be taken
1990 House Report	
Rural Schools Program	
The Committee provides funds to enable the laboratories to continue the rural schools program. The Committee intends that these funds be used for innovative programs that show promise of upgrading instruction in rural schools. The Committee intends that laboratories support State and local efforts to rethink how rural schools can better serve their students.	Laboratories will provide assistance to State policy makers and local educators on rural education priorities identified by the Governing Board of each laboratory.
The bill provides extended availability of the rural education funds for 1990 because of the pending recompetition of the basic laboratories program. The funds provided will finance 12 months of activity but can now be awarded in two payments.	Rural education funds awarded to the laboratories in 1989 are to support activities through September 30, 1990, and the basic laboratory contracts expire on November 30, 1990. One-sixth of the 1990 rural education funds will be awarded to the existing laboratories to continue rural education activities until the expiration of their contracts on November 30, 1990. The balance of the 1990 rural education funding will be awarded as a component of the new laboratory contracts to begin on December 1, 1990, and will support the first ten months of rural education activity under those new contracts.
Research Centers	
The Committee intends that approximately $1 million of the funds approved for research be allocated on a competitive basis to establish a new center focusing on teacher performance evaluation.	A competition will be held for such a center.

Research, Statistics, and Improvement of Practice

Significant Items in Congressional Appropriations Reports--continued

Item	Action taken or to be taken
1990 House Report--continued	
Statistics	
The Committee expects the NCES will estimate the dropout rate as of March 30.	NCES is preparing a report comparing the March 1988 Current Population Survey dropout rates with those of October 1988, which were reported to Congress in the NCES publication, "Dropout Rates in the United States, 1988", submitted on September 12, 1989.
1990 Senate Report	
Center for Teacher Evaluation	
The Committee directs that approximately $1 million be used for a new competition to establish a center for teacher evaluation.	A competition will be held for a new center on teacher evaluation.
Rural Education Initiative	
The Committee provides funds to continue the rural education initiative and intends that the regional laboratories work within their regions to help State policymakers and local districts reorganize and rethink roles and functions of rural schools.	Laboratories will provide assistance to State policymakers and local districts on rural education priorities identified by the Governing Boards.
Pacific Basin Laboratory	
The Committee expects the Secretary to establish a laboratory in the Pacific basin as part of the recompetition of the regional laboratories scheduled to take place in fiscal year 1990.	The Department intends to establish a Pacific basin laboratory.

Research, Statistics, and Improvement of Practice

Significant Items in Congressional Appropriations Reports--continued

Item	Action taken or to be taken
1990 Senate Report--continued	
National Board for Professional Teaching Standards	
The Committee directs the Secretary to provide the National Board for Professional Teaching Standards with not less than $5 million in Federal matching funds for research and development contracts made on a competitive basis.	This language was superseded by the conference report, which indicates that these funds are provided contingent upon enactment of legislation authorizing the appropriation. The Department cannot impose matching requirements without specific statutory authority to do so.
ERIC Clearinghouses	
The Committee directs the Secretary to reallocate resources from other planned activities within ERIC in order to provide a significant boost in funding for the clearinghouses.	Support for the clearinghouses will be increased to $5.2 million in 1990.
National Assessment	
The Committee indicates it would give expedited consideration to any reprogramming requests to transfer funds to NAEP from other activities within the statistics budget.	A request to transfer $2.3 million from Statistics to Assessment has been submitted.
1990 Conference Report	
National Board for Professional Teaching Standards	
Funds included for the National Board for Professional Teaching Standards are to remain available for that purpose unless written approval for a transfer is provided through the normal reprogramming process.	The funds provided remain available.

Research, Statistics, and Improvement of Practice

Account Summary

	1989 Appropriation	1990 Appropriation	1991 Request
1. Research........................	$47,079,000	$55,502,000	$61,322,000
2. Statistics......................	21,736,000	22,655,000 1/	41,538,000
3. Assessment......................	9,386,000	17,084,000 1/	18,866,000
4. Evaluation of reform............	---	---	3,000,000
5. Dropout prevention..............	---	---	5,000,000
6. Principal training..............	---	---	25,000,000
7. Education summit follow-up......	---	---	20,000,000
Total........................	78,201,000	95,241,000	174,726,000

1/ Amounts reflect a proposed reprogramming of $2,300,000 in fiscal year 1990 funds from Statistics to Assessment.

At the conclusion of the President's Education Summit with Governors in Charlottesville, Virginia, last September, the President and the Nation's Governors agreed that, in addition to promoting education equity, the Federal financial role in education is "to provide research and development for programs that work, good information on the real performance of students, schools, and States, and assistance in replicating successful State and local initiatives all across the United States." Research, Statistics, and Improvement of Practice funds support the principal activities by which the Federal Government assists States, localities, education practitioners, policymakers, parents, and the general public to obtain information about the condition of education, successful programs and practices, and how to apply greater knowledge of education processes in ways that may yield improved educational performance.

A major increase of $79.5 million is sought for the activities in this account in 1991. These funds would be used to provide reliable, accurate, and timely statistical answers to questions about important features of schooling; to furnish reliable assessments of student learning, including how our education achievements compare with those of other nations; to produce more--and more useful--information from research and practice to refine our understanding of what works in education; and to disseminate information and provide technical assistance to see that the answers and the lessons supplied lead to better results, that is, higher levels of student performance.

Research, Statistics, and Improvement of Practice

Account Summary--continued

Included in the request are funds for four specific initiatives of the President. These include evaluating reform strategies, identifying strategies to help disadvantaged students successfully complete high school, improving the training of principals, and following up on the Education Summit by providing information to help gauge progress toward national performance goals and assistance to implement flexibility in program management linked to greater accountability for results.

Research, Statistics, and Improvement of Practice

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1. Research
   (General Education Provisions Act, Section 405)

1991 Authorization: Indefinite

Budget authority:

1990 Appropriation	1991 Request	Increase or Decrease
$55,502,000	$61,322,000	+$5,820,000

Purpose and Method of Operation

Funds appropriated to carry out the research, improvement, and dissemination activities authorized under section 405 of the General Education Provisions Act are administered by three units of the Office of Educational Research and Improvement. Activities may be carried out directly and through grants and contracts to institutions of higher education, public and private organizations, institutions, agencies, and individuals.

The Office of Research supports scholarly work of individuals and institutions seeking to advance knowledge about educational practice and to solve, alleviate, or illuminate specific education problems. The Office supports basic and applied research, evaluations, and analyses of Federal, State, and local education policies. Major programs include:

- National education research and development centers. The centers are based in universities and are responsible for conducting long-term research and development in areas of national concern, and for disseminating their findings and products nationally. Each center focuses on a particular set of education problems.
- Field-initiated research. The work of independent scholars is supported, with award decisions made through a rigorous peer review system.
- Education research grant programs. Grants support needed research and analysis on critical topics. Conferences, commissioned papers, and research syntheses are also supported.

The Programs for the Improvement of Practice unit (PIP) aims to narrow the gap between what is known and what is done in American education. The mission of PIP is to ensure that education data, research findings, and exemplary practices are easily accessible to teachers, school administrators, and others seeking to improve American education. The major activities are:

Purpose and Method of Operation--continued

- Regional education laboratories. The primary purpose of the regional laboratories is to determine the education research and development needs in a specified region of the country, and to help meet those needs through applied research, development, dissemination, and technical assistance. The laboratories support school improvement activities in all regions of the United States and the territories.

- Tracking education reforms and synthesizing research findings. Projects attempt to track reforms, sponsoring meetings with professional educators and organizations, which result in publications on topics critical to education improvement. Other projects synthesize and translate knowledge derived from research and practice and result in publications that help policymakers, teachers, parents, and school boards make sound decisions in education.

The Information Services unit manages the OERI dissemination program. The unit provides, in appropriate forms and formats, information on education statistics, research, and practice to parents, policymakers, and practitioners. In addition to responding to inquiries, disseminating information electronically and through publications, and managing the Department's library, this unit also supports:

- The Education Resources Information Center (ERIC) system. ERIC collects, indexes, abstracts, analyzes, and disseminates information on education. Its products and services include databases, abstracted journals, microfiche, computer searches, document reproductions, and analyses and syntheses. The clearinghouses in the ERIC system focus on specific areas of education.

- Information products. Dissemination of education information is also fostered through the development of publications, and the production and distribution of special tabulations and data tapes and computer disks.

This is a current-funded program for which funds are available from October 1 through September 30.

Accomplishments

During 1989, the Office of Research awarded a grant for a new research center. The Center for Research on Effective Schooling for Disadvantaged Students will examine ways to significantly improve the education of disadvantaged students at each level of schooling through new knowledge and practices produced by thorough scientific study and evaluation. The Center will focus on the school as the major source of improvement in the education of the disadvantaged, and as the means to address the needs and interests of the educationally disadvantaged at all levels of development, to address the unique needs of language minority students, and to incorporate the family and the community into the school improvement effort.

Accomplishments--continued

In preparation for the upcoming competition for new research and development centers, the Office of Research solicited advice directly from a cross-section of persons in the field and held two research agenda planning conferences with invited policymakers, education practitioners, researchers, and parent and community leaders. These activities were designed to obtain the widest possible range of recommendations and comments to assist the Office of Research identify important problems and issues in American education and the kinds of research needed to understand better and help to solve these problems. The awards for the new research and development centers are scheduled for Fall 1990.

The Office of Research continued to support several significant studies and published a variety of reports including:

- Effective Programs for Students at Risk: A Sourcebook, a review of the problems and most promising solutions for at-risk students;
- Reducing the Risk: Schools as Communities of Support, a report describing the efforts of fourteen secondary schools to prevent dropouts, which develops and tests a theory of the process of prevention;
- Strategies to Reduce Student Misbehavior, a collection of papers that explore discipline problems in schools and analyze possible solutions;
- Toward the Thinking Curriculum: Current Cognitive Research, a report that provides administrators, curriculum developers, and practitioners with reviews of current research on learning and explores its implications for instruction;
- Teachers and Independent Reading: Suggestions for the Classroom, a booklet written for elementary school teachers and designed to help them find ways to include more independent reading in their classes;
- Changes in the Science Attitudes of Urban Middle School Students, a report that examines the school and home variables influencing the science and mathematics achievements of urban students in grades 6 through 8 in a major city; and
- Signs and Traces: Model Indicators of College Student Learning in the Disciplines, a report that provides information to college faculty and administrators on how to measure both consensus on what graduating seniors should know in their majors and the actual learning of those students.

A limited number of intramural research studies were conducted by Office of Research staff, including a study that examines the shape of college curricula in science, engineering, and computer science for the National Science Foundation; a study on the academic careers and labor market experience of college athletes; and a study on the academic careers and labor market experience of bachelor degree recipients in business administration.

Accomplishments--continued

During 1989, Programs for the Improvement of Practice staff held five public meetings and commissioned seven papers from research and development experts in preparation for the upcoming recompetition of the regional education laboratories. New contracts for regional laboratories are scheduled for Fall 1990.

Collectively, the existing laboratories are addressing the following emerging priorities in their policy development and technical assistance activities: early childhood education, issues of choice, school restructuring, higher order thinking skills, teacher preparation, applications of technology, and problems of students at risk of dropping out of school. Laboratories are also developing and disseminating innovative and promising approaches to improve the rural schools in their regions. All nine laboratories have contributed to State and local policies related to school reform, and all are supporting school-based improvement models.

Examples of specific laboratory accomplishments during 1989 are:

- Appalachia: Developed a school-community partnership model that promotes collaboration among business, schools, and government officials;
- North Central: Developed a teleconference/video program, in cooperation with the Public Broadcasting System, on "The Failure of Basic Skills: Who's At Risk?", which included discussions by national experts on reasons for failure and suggestions for improvement;
- Mid-Continent: Assisted five pilot communities in South Dakota to successfully restructure their high school curricula to focus on economic development of the community through creation of jobs and businesses for students;
- Southwest: Trained trainers in 30 demonstration sites throughout the region to utilize effective schools research for school improvement, and provided major support to the Arkansas Governor's office in developing a system of State indicators on the condition of education in Arkansas;
- Far West: Established a Case Study Institute, which supports the growing national interest in case methods for educational preparation and staff development, with the first two products, the Mentor Teacher Casebook and the Intern Teacher Casebook, being used nationwide for teacher development programs;
- Mid-Atlantic: Continued to provide leadership in collaboration among the laboratories and with national professional organizations and others in the area of higher order thinking skills, and developed computer-based approaches to improving thinking skills in rural students;

Accomplishments--continued

- o Northeast: Developed, across the region, its At-Risk Youth Initiative with schools, where an "action team" of educators and parents implements changes; and with State educational agencies, where needs and resources are assessed;
- o Northwest: Provided training and technical assistance to about 34,000 educators in its regions (Northwest and Pacific), particularly through its "Onward to Excellence" school improvement program, and produced hundreds of applied research and development reports, publications, and resource documents, based on approximately forty different projects funded by OERI; and
- o Southeast: Conducted a wage comparability study of teacher salaries in the Southeast that led to revisions in teacher salary schedules in North Carolina and Georgia and to major policy revisions in Mississippi.

Also during 1989, PIP's Urban Superintendents' Network met in two action groups, one to pursue issues related to early intervention for at-risk students and the other to examine collaboration between schools, other agencies or institutions, and the business community. Publications will be issued in 1990 on both topics.

In 1989, Information Services, in conjunction with other OERI components, produced 124 publications of various types, with 750,000 copies distributed. Major titles produced included: Condition of Education, 1989, Digest of Education Statistics, 1989, Projections of Education Statistics to 2000, Choosing a School for Your Child, Making Sense of School Budgets, Becoming a Nation of Readers: What Principals Can Do, and Helping Your Child Use the Library.

IS also continued efforts to ensure that information about high priority issues is supplied in usable formats. Outreach efforts included: expansion of the Toll-Free Bulletin Board System to three lines (two toll-free) serving 5,000 callers per month; establishment of interest-based mailing lists (in addition to the organization-based lists previously available) in order to focus distribution efforts; coordination of OERI participation in the Office of Public Affairs radio broadcast service by providing approximately 360 interviews; presentation of major exhibits at the American Statistical Association meeting, Federal Forecasters meeting, and the annual LEAD conference; cooperative publishing efforts with other organizations, which resulted in the publication and distribution of more than one million additional copies of OERI-sponsored or -developed documents; and development of short format documents such as research-in-briefs (Moral Education and Reading and Writing), a brochure on Youth Indicators, announcements of OERI publications, and the Education Research Bulletin, a quarterly OERI publication with a distribution of more than 55,000.

Research, Statistics, and Improvement of Practice

1. Research

1991 Budget Proposal

The 1991 request for Research is $61,322,000. This is $5,820,000, or 10 percent, more than is available for 1990. As indicated in their Education Summit joint statement, the President and the Nation's Governors see research and development as critical to improving American education. That view is shared by countless others in business, government, education, and elsewhere. Many believe that the American people, armed with knowledge of what works in education, will improve the teaching and learning of American youngsters.

The majority of the funds requested for 1991 would be used to support continuation of well-established programs and activities. Approximately $49,450,000 would support those activities for which Congress has specifically mandated minimum funding levels totaling $40,960,000. The balance of the funds would support additional research, improvement, and dissemination activities. The aim is to support a full set of activities designed to assist American schools and communities in achieving substantial gains in student learning--by focusing the system on results and performance.

Approximately $21,760,000 of the amount requested would be used to support national research and development centers. This is $4,000,000 more than the minimum mandated by the authorizing statute. Seven centers established since 1987 will be continuing in 1991, at a combined total of $6,200,000. These centers are conducting research in the areas of technology, reading education, the context of teaching, school leadership, learning and teaching of elementary school subjects, and effective education of disadvantaged students. In addition, a new center on teacher performance evaluation will be established with $1,000,000 in 1990 funds and will also be continued in 1991. A major competition for an additional 18 new centers will be announced in late January or early February. The awards for these centers will be made from fiscal year 1991 funds, with the grants to begin in December 1990.

The Secretary sought public comments on the issues to be addressed by the new centers and those comments helped frame the priorities to be announced. The priorities are: (1) families, communities, and young children's learning; (2) student learning; (3) writing and literacy; (4) mathematics teaching and learning; (5) science teaching and learning; (6) learning to teach; (7) education in the inner cities; (8) education policies and student learning; (9) assessment, testing, and evaluation; (10) adult literacy; (11) educational quality of the workforce; (12) postsecondary learning, teaching, and assessment; (13) organization and restructuring of schools; (14) cultural diversity and second language learning; (15) literature education; (16) arts education; (17) education finance and productivity; and (18) dissemination and the use of education information. Funding for these new centers is projected at about $14,560,000, provided the full amount requested is appropriated.

1991 Budget Proposal--continued

Funding for the field-initiated studies program would be increased from about $740,000 in 1990 to $1,000,000 in 1991. This program has been extraordinarily competitive since it was reinstituted following the 1986 reauthorization, but few awards have been made. Nine awards were made in 1989 addressing topics such as "Educational Reform and At-Risk Children: Exclusion, Retention, Transition and Special Education Participation in an Era of Increased Accountability" and "Developing Language Skills in Language Minority Students through a Cooperative Learning Environment."

Of the total requested, $20,000,000 would be used to support the regional education laboratories. A major recompetition of the laboratory contracts will be announced in January or February. Plans call for competing a separate laboratory for the Pacific Basin and for incorporating the special rural education program as a component of the core laboratory contracts. Because of differences in award cycles for the existing core laboratory contracts and the special rural funding, most of the fiscal year 1990 funds for the rural education program will be available to support rural activity under the new contracts. The Congress provided for extended availability in the fiscal year 1990 appropriation, and $5,000,000 will be available for award in 1991. The 1991 request includes funds for the new laboratory and the balance of funds needed to support a full 12 months of rural activity, as well as funds needed for providing basic laboratory services in the other nine regions. A total of $25,000,000 would be used for support of the laboratory program in 1991.

Approximately $6,690,000 of the requested funds would go to the Education Resources Information Center (ERIC) system. This amount is needed to continue support for the ERIC clearinghouses, for which funding was increased in 1990, and for the other system components, including ACCESS ERIC.

After funding the above activities mandated by the authorizing statute, approximately $11,870,000 would be available for other research, improvement, and dissemination activities. These funds would be used to produce additional and more useful information from research and practice. Reliable test instruments, for example, are indispensable to holding schools and people in them accountable for student performance. Accountability is made possible only if feedback on student learning is available at the school district and the individual school levels, where the nuts-and-bolts decisions about education are made. Yet the instruments that currently furnish such feedback--standardized tests--draw more criticism than practically any other feature of American education. Today's standardized tests are, by all accounts, inadequate for the tasks demanded of them. The Department plans to launch a major effort to devise and develop models of valid, precise, and useful assessment. Support would be provided for research in the area of assessment and development of test prototypes that schools and States could adapt or build upon to measure higher-order thinking skills and high-level competencies, which are universally desired in American students, American workers, and American citizens.

1991 Budget Proposal--continued

The Department would also sponsor investigations, conferences, publications, and other efforts to refine our understanding of what works in education. Assistance would be provided to help State and local decisionmakers apply such knowledge to their educational problems and goals. How can schools increase parent involvement, particularly among hard-to-reach parents? What forms of parent involvement produce the greatest payoff in terms of student learning? As for teachers, what traits or characteristics are fundamental to teacher effectiveness, and how can those qualities be developed? What are the chronic and recurring roadblocks to competent performance in reading, writing, mathematics, science, history and other subjects essential to all students, and how can teachers be taught to help all youngsters over those obstacles? These are a few of the important questions that education research can help education decisionmakers answer. Other areas of inquiry would include students' transition to secondary schools, community service and the development of civic responsibility, second language learning, development of reading and literacy skills, educating teachers in school settings, quality indicators of teacher education programs, school restructuring, international evaluation, and enhancing the contribution of education research to education practice.

Simply "supplying answers" is not enough, however. The task is not only to make sure that these answers and "lessons learned" get into the hands of people on the front lines of education, but also to provide technical assistance and whatever else it takes to see that these answers and lessons produce better results, i.e., higher levels of student performance.

The Department plans to develop and launch a national strategy for disseminating information from research, practice, and statistics. The plan includes exhibits, demonstrations, and workshops across the country to train the staffs of policymakers and others in how to access and use the OERI database. High profile meetings would provide parents, community leaders, educators, and others with updates on what the latest research has to say about reducing dropout rates, building a world class workforce, improving science instruction, and other educational challenges. In short, the aim is to open new information-and-assistance "pipelines" to community leaders, parents, principals, teachers, and others. The Department intends to supply more and better information and technical assistance, to assist efforts to leverage educational change at the local level.

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2. Statistics
(General Education Provisions Act, Section 406)

1991 Authorization: Indefinite

Budget authority:

1990 Appropriation	1991 Request	Increase or Decrease
$22,655,000	$41,538,000	+$18,883,000

Purpose and Method of Operation

The National Center for Education Statistics, authorized by section 406 of the General Education Provisions Act, collects, analyzes, and reports statistics on education in the United States, and also provides leadership in developing and promoting the use of standardized terminology and definitions for the collection of education statistics. Activities are carried out directly and through contracts. Major products include: The Condition of Education and Digest of Education Statistics; projections of enrollments, teacher supply and demand, and other key data; and a variety of announcements, bulletins, and other statistical documents. The core activities of the Center include:

- Data on education institutions at all levels. The Center monitors trends in enrollments, staff, and finances by maintaining databases on public and private elementary and secondary, postsecondary, and vocational education. The Center gathers data on enrollments, staff, revenues and expenditures, teacher supply and demand, and other key indicators of the condition of education through surveys of State and local education agencies, libraries, colleges, teachers, and students.

- Longitudinal data on student progress. The Center has collected longitudinal data on the senior high school class of 1972 and the sophomore and senior classes of 1980, including information about course enrollments, financial aid, and the transition from high school, through college, to work and family formation. A new longitudinal study of the eighth grade class of 1988 is designed to provide data on student backgrounds and achievement, information on coursetaking, parental involvement, vocational programs, school climate and effectiveness, and for the first time, much-needed information about school dropouts--how many students drop out, who they are, and why and when they drop out.

- Surveys to obtain policy data. To support Federal education planning and analysis activities, unique surveys and studies are carried out, including fast-response surveys and special compilations of data on topics of particular interest to Congress or the Executive branch.

Purpose and Method of Operation--continued

- o Technical assistance. To help State and local education agencies improve their statistical systems, the Center provides technical assistance and training and maintains networks among both the elementary/secondary and postsecondary education communities.

This is a current-funded program for which funds are available from October 1 through September 30.

Accomplishments

During 1989, the National Center for Education Statistics continued its expansion of both the elementary/secondary and postsecondary databases and began implementing provisions of the Augustus F. Hawkins-Robert T. Stafford Elementary and Secondary School Improvement Amendments of 1988.

At the elementary/secondary level, the Center held the first two meetings of the Federal/State Forum, the mechanism through which policies for the National Cooperative Education Statistics System (NCESS) will be determined; issued contracts to States to participate in development and implementation of the NCESS; completed plans for implementation of an enhanced finance data collection program for school year 1989-90; let a contract to validate a new measure of dropouts being field tested in twenty-seven States, the District of Columbia, and three outlying areas during 1989-90; continued work on standards for comparability of the Common Core of Data among States; completed collection of data on the Schools and Staffing Surveys; and began developmental work on a universe listing of private schools as a basis for a biennial census of all private schools.

At the postsecondary level, the Center significantly improved the timeliness of data from the Integrated Postsecondary Education Data System; released data on enrollments, degrees conferred, and institutional characteristics for school year 1988-89; completed the field test of the second cycle of the National Postsecondary Student Aid Study; completed data collection for the National Survey of Postsecondary Faculty; and completed the field test for the Beginning Postsecondary Student component of the newly designed Postsecondary Longitudinal Study.

At the international level, the Center expanded its program through continued development of international education indicators with the Organization for Economic Cooperation and Development (OECD); award of a contract to conduct a study on international reading literacy; developmental work with the National Science Foundation on an International Assessment of Educational Progress; and participation in a National Academy of Sciences consortium to study issues in international assessments and comparisons.

In addition, the Center awarded a contract for an adult literacy study; completed collection of data on direct service public libraries in 45 States through the cooperative library statistics program jointly designed by

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Accomplishments--continued

NCES and the National Commission on Libraries and Information Science; expanded and refined its major publications--The Condition of Education, Digest of Education Statistics, and Projections of Education Statistics; and, for the first time, released a publication with State level projections.

1991 Budget Proposal

The 1991 request for Statistics is $41,538,000, which is $18,883,000, or 83 percent, more than the 1990 level. This increase is requested to cover the costs of the Center's ongoing data-gathering, analysis, and dissemination activities and the activities initiated in 1989 pursuant to mandates in the Hawkins-Stafford Amendments. No new statistical programs are planned at this time, but major expansions and new rounds of data collection are scheduled.

Of the total requested for 1991, $20,000,000 would be used for elementary and secondary education statistics, approximately $9,500,000 more than the amount to be spent in 1990. The 1991 funds would support the following major statistical programs: (1) the Schools and Staffing Surveys, a sample survey program, conducted for the Department by the Census Bureau, to obtain information on teacher supply and demand; school, administrator, teacher, and student characteristics; school environment and teaching conditions; and other school and staffing issues; (2) the Common Core of Data, the primary data base on elementary and secondary public education, providing data from administrative records maintained by State education agencies on all schools and school districts, including general descriptive information, basic statistics, and fiscal data; (3) the National Cooperative Education Statistics System, a cooperative effort with the States, which provides them with support to improve and enhance their education statistics so that they can provide the Center with comprehensive, comparable, and timely data; (4) the National Education Longitudinal Study of 1988, a longitudinal study of the eighth grade class of 1988 designed to provide trend data about the critical transitions in the lives of young people as they develop, attend school, and embark on their careers, including information on how school policies, teacher practices, and family involvement affect student educational outcomes; and (5) the National Household Education Survey, a new system to survey a sample of households with children in order to provide information on high school dropouts, access to postsecondary education, early childhood education, adult and continuing education, out-of-school learning, and educational activities provided at home. Increases are needed in 1991 to cover the costs of the second round of data collection and methodological studies for the Schools and Staffing Surveys; continuing efforts to improve the comprehensiveness and comparability of data collected for the Common Core of Data, especially the fiscal data, including pilot testing of a new finance survey to be conducted by the Census Bureau; continued expansion of the National Cooperative Education Statistics System, including further training on the collection of dropout statistics,

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1991 Budget Proposal--continued

and other support to improve the ability of the States to respond to data requests from the Center; field testing and data collection for the second follow-up of students in the National Education Longitudinal Study; and the first full scale data collection for the National Household Education Survey. A major increase is included for Census Mapping, a project to reaggregate data from the Decennial Census by school district so that the wealth of demographic and household information collected in the Census is useful to the education community, including Federal, State, and local policy officials and educational researchers.

Approximately $11,900,000 of the total request would be used for statistics on postsecondary education, almost $3,000,000 more than will be spent in 1990. These funds would support four major statistical programs: (1) the Integrated Postsecondary Education Data System, the core postsecondary education data collection of the Center, which encompasses all identified institutions whose primary purpose is to provide postsecondary education, yielding information on who provides postsecondary education, who participates in it and completes it, what programs are offered and what programs are completed, and the resources, both human and financial, involved in the provision of institutionally-based postsecondary education; (2) the National Postsecondary Student Aid Study, which collects data for a nationally representative sample of students enrolled in postsecondary institutions in order to provide information about students who benefit from Federal aid, how financial aid is distributed, and the effects of financial aid on students who receive aid and those who do not; (3) the Recent College Graduates Survey, which collects information on the post degree employment and education experiences of a sample of persons who obtain a bachelor or master degree, with major emphasis on graduates who are qualified to teach at the elementary or secondary level; and (4) the Postsecondary Longitudinal Study, a new program consisting of data from several data series, which together will provide information on the major transitions into, through, and following postsecondary education. Increases are needed in 1991 for conduct of a Recent College Graduates Study of persons who earned bachelor or master degrees between July 1989 and June 1990, the first such survey since one done in 1987 of graduates between 1985 and 1986; and for two components of the Postsecondary Longitudinal Study, the new longitudinal study of Beginning Postsecondary Students and the fourth follow-up of the High School and Beyond cohort of 1980 high school sophomores.

Nearly $6,000,000 of the 1991 request would be devoted to other outcome statistics. The major efforts here are International Studies and the National Adult Literacy Survey. Major increases are needed for both in 1991. Two international surveys would be supported--the IEA Reading Literacy Study, which will compare the reading literacy of students at the fourth and ninth

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1991 Budget Proposal--continued

grade levels in 37 countries, and the International Assessment of Educational Progress, which will test students at ages 9 and 13 in 21 countries in math, science, and geography. For the Adult Literacy Assessment, design work would continue and field testing would be done for a household survey to be conducted in 1992 to collect literacy assessment data on a sample of adults, ages 16 to 64.

The balance of the funds requested for 1991, approximately $3,600,000, would be used for cross-level statistics and other special analyses and special studies of the Center, and for printing of Center reports. Increases are needed for technical assistance on new confidentiality/disclosure avoidance requirements and procedures for complying with the requirements.

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3. Assessment
   (General Education Provisions Act, Section 406(i))

1991 Authorization: Indefinite

Budget authority:

1990 Appropriation	1991 Request	Increase or Decrease
$17,084,000	$18,866,000	+$1,782,000

Purpose and Method of Operation

The National Assessment of Educational Progress (NAEP) is the only nationally representative assessment of what American students know and can do. It is an ongoing, Congressionally mandated project created to survey the educational attainments of young Americans. Its primary goal is to determine and report the status and trends over time in educational achievement, subject by subject.

Since 1969, NAEP has assessed over one million young Americans at ages 9, 13, and 17. Occasionally, young adults have also been tested. The subject areas assessed in the past have included reading, writing, mathematics, science, and social studies, as well as citizenship, literature, art, and music.

NAEP designs its assessments through a consensus process. Educators, scholars, and citizens drawn from many constituencies and backgrounds develop objectives for each subject area assessment, proposing general goals they believe students should achieve in the course of their education. All test exercises, based on the consensus objectives, undergo extensive reviews by subject matter experts and measurement specialists. Additionally, items are subject to careful scrutiny to eliminate any potential bias.

A nationally-representative sample of students is selected to take the assessment. Once the data are collected, scored, and analyzed, NAEP publishes and disseminates the results in public reports, press releases, teacher and administrator bulletins, and through other means, to reach a wide audience. The purpose of the publications is to provide information that will assist educators, policymakers, and the public to improve education in the United States.

This program is administered by the National Center for Education Statistics, which makes competitive awards for the actual operation of NAEP. A National Assessment Governing Board formulates the policy guidelines for the program. The Hawkins-Stafford Amendments require that, in the 1990 and 1992 assessments,

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Purpose and Method of Operation--continued

data be collected not only from a nationally-representative sample of students, but also from State-representative samples, in order to determine whether a regular State-representative assessment is feasible and would yield valid, reliable State-representative data.

This is a current-funded program for which funds are available from October 1 through September 30.

Accomplishments

In 1989, a new contract was awarded for conduct of the 1990 and 1992 assessments. The 1990 assessment activities will include the collection of data for the first State-representative assessment, of eighth grade mathematics achievement. Thirty-seven States, the District of Columbia, the Virgin Islands, and Guam will participate in that assessment. The 1992 assessment will include three State-representative assessments, of fourth grade reading, and fourth and eighth grade mathematics.

1991 Budget Proposal

The 1991 request for Assessment is $18,866,000. This is $1,782,000, or 10 percent, more than the level for 1990. The amount requested is necessary to cover the 1991 costs of the contract for conduct of the 1990 and 1992 assessments. Up to 10 percent of the funds would be used for the expenses of the National Assessment Governing Board. Other essential costs included in the total request are the costs of the mandated independent evaluation of the pilot State assessments, which is being conducted by the National Academy of Education; the costs of contracted validation studies also required by the authorizing statute; and costs of the technical review panel, which advises NCES on technical issues related to the operation of NAEP.

4. Evaluation of reform
(General Education Provisions Act, Section 405)

1991 Authorization: Indefinite

Budget authority:

1990 Appropriation	1991 Request	Increase or Decrease
---	$3,000,000	+$3,000,000

Purpose and Method of Operation

Under the authority provided by section 405 of the General Education Provisions Act, the Office of Educational Research and Improvement would undertake evaluations of reform strategies implemented by States and local school districts in order to provide "lessons learned" for others interested in pursuing the reforms. The results and findings could also assist those already experimenting with the strategies to refine their efforts. School restructuring and strategies for academic improvement would be of particular interest, and attempts would be made to compare the results of the same or similar strategies in different locales or situations. Grants and contracts, as well as intramural efforts, would be used.

This would be a current-funded program for which funds would be available from October 1 through September 30.

1991 Budget Proposal

The 1991 request for this new activity is $3,000,000. Given the resolve of the President and the Nation's Governors to pursue national performance goals in education, as well as the growing concern of the American people for improvement in the Nation's educational performance, much more information is needed about the effectiveness of the reform strategies with which States and school districts have been experimenting over the past several years, and about the elements or conditions necessary for success.

The funds requested would support the initiation of 10 to 12 evaluations of these ongoing reform strategies. These evaluations would require from 18 to 36 months for completion. The findings of these studies would provide important guidance about the effectiveness of different reform strategies and would be quickly and widely disseminated.

5. Dropout prevention
(General Education Provisions Act, Section 405)

1991 Authorization: Indefinite

Budget authority:

1990 Appropriation	1991 Request	Increase or Decrease
---	$5,000,000	+$5,000,000

Purpose and Method of Operation

Under the authority provided by section 405 of the General Education Provisions Act, the Office of Educational Research and Improvement would undertake research and development activities to provide useful information about how to improve the academic performance of secondary school students and reduce the number of dropouts. A national research and development center would be established to investigate alterable conditions impinging on student achievement and retention, and its work would be supplemented by a variety of other research and development projects. The total research and development effort would be designed to identify conditions promoting the success of dropout prevention programs, and program components most strongly related to program success.

This would be a current-funded program for which funds would be available from October 1 through September 30.

1991 Budget Proposal

The 1991 request for this new activity is $5,000,000. Ensuring an internationally competitive workforce and bright futures for America's young people requires answers to questions about how to keep students in school and provide them with the competencies and higher-order skills necessary for the jobs of the future. The educational performance and retention prospects of school students are affected by many factors, such as student characteristics, family and community situations, and school factors. Many dropout prevention programs are in operation, but few have been validated by research. This initiative will investigate issues such as the effects of instruction, school organization, and school-community relations, in order to identify effective strategies and approaches to help disadvantaged students successfully complete high school.

The funds requested would support first year funding for a national research and development center on dropout prevention and additional smaller projects.

**6. Principal training
(General Education Provisions Act, Section 405)**

1991 Authorization: Indefinite

Budget authority:

1990 Appropriation	1991 Request	Increase or Decrease
---	$25,000,000	+$25,000,000

Purpose and Method of Operation

Under the-authority provided by section 405 of the General Education Provisions Act, the Department would support a major initiative to improve the preparation of school principals by utilizing exemplary principals to train prospective principals. A program would be put in place to provide six to eight weeks of residential summer institute training followed by a year-long mentorship in which the principal candidates would spend a full academic year observing and receiving on-the-job training from recognized experts. Federal funds would support the cost of the summer training and salary and related costs for the principals-to-be during the year they spend in residence at another school. Exemplary principals would also receive small grants for use at their schools. The program would be carefully evaluated.

This would be a current-funded program for which funds would be available from October 1 through September 30.

1991 Budget Proposal

The 1991 request for this new initiative is $25,000,000. Research has shown that the school principal is a central figure in school performance and reform. The principal's leadership becomes even more critical in the context of increased school-site management, which provides greater autonomy, authority, and accountability at the school building level. Not only is the turnover in incumbent principals expected to be unusually high in the next five to ten years, but the nature of their jobs is also changing. Yet, with few exceptions, existing programs for training principals do not focus on their critical leadership role. Moreover, there are no broadly-available programs that involve persons who do not have education-school backgrounds but who possess the interest and aptitude required for success as school leaders. This program would prepare exceptionally able persons, whatever their backgrounds, to be principals, and do so quickly. With the funds requested, the 1991 program would involve up to 500 trainees and an equal number of mentors.

7. Education summit follow-up
(General Education Provisions Act, Sections 405 and 406)

1991 Authorization: Indefinite

Budget authority:

1990 Appropriation	1991 Request	Increase or Decrease
---	$20,000,000	+$20,000,000

Purpose and Method of Operation

A variety of activities authorized under sections 405 and 406 of the General Education Provisions Act would be carried out to provide useful information and help track the Nation's progress, in some cases State-by-State, toward the national performance goals in education.

This would be a current-funded program for which funds would be available from October 1 through September 30.

1991 Budget Proposal

A one-time appropriation of $20,000,000 is requested to finance research and data collection activities growing out of the Charlottesville meeting. Funds would be used to fill specific gaps and needs once national goals have been established. These activities would include research to help policymakers and practitioners determine what changes are needed or what strategies are likely to be effective in yielding the outcomes envisioned in the goals, and data collection to provide the indicators with which to gauge progress toward the goals. Also included would be activities incident to implementing any congressionally approved strategy for providing States and local school districts with greater flexibility in program management linked to enhanced accountability for educational results, a strategy also endorsed by the President and the Governors at the Education Summit. Specific activities will be determined and more details provided after the President and the Governors have announced the goals.

WEDNESDAY, FEBRUARY 28, 1990.

LIBRARIES

WITNESSES

CHRISTOPHER T. CROSS, ASSISTANT SECRETARY FOR EDUCATIONAL RESEARCH AND IMPROVEMENT

ANNE J. MATHEWS, DIRECTOR, LIBRARY PROGRAMS, OFFICE OF EDUCATIONAL RESEARCH AND IMPROVEMENT

SALLY H. CHRISTENSEN, DIRECTOR, BUDGET SERVICE, OFFICE OF PLANNING, BUDGET AND EVALUATION

CAROL CICHOWSKI, DIRECTOR, SPECIAL EDUCATION, REHABILITATION AND RESEARCH ANALYSIS DIVISION, BUDGET SERVICE

Mr. NATCHER. We take up at this time the budget request for 1991 for Libraries.

Mr. Cross, with your permission, we will place your statement in its entirety in the record and go right to questions.

Mr. CROSS. That is fine.

[The information follows:]

DEPARTMENT OF EDUCATION

Statement by

Christopher T. Cross
Assistant Secretary for
Educational Research and Improvement

on

Libraries

Mr. Chairman and Members of the Committee:

I appreciate the opportunity to discuss with you the Department of Education's 1991 budget request for library programs.

Rationale

Our budget for library programs requests $39,062,000 to fund only those programs that are focused and well-defined. We maintain that one of the main goals of the Library Services and Construction Act, access to library services, has been achieved. However, we believe there is still a Federal role in library funding. We have shown as much in our efforts to change the library legislation to make it more focused and the Federal dollar better targeted. It is appropriate for the Federal library dollar to address critical national needs such as support for literacy. Equally, it is appropriate for the Federal dollar to provide support for activities such as electronic networking that cross political and geographical boundaries. And we believe Federal support is appropriate for high-cost activities that could not be borne by individual libraries such as research and technological improvements in cataloging, information storage and retrieval, and delivery of services. It is not a judicious use of the Federal dollar to support programs that are broad, unfocused, ill-defined, and untargeted.

Library Services and Construction Act

The Department has maintained for the past several years that the original intent of the Library Services and Construction Act, access to library services, has been attained and that the Federal role has been fulfilled. Therefore, we are not seeking funds for Title I, Public Library Services, and Title II, Public Library Construction.

Since 1956 when the Public Library Services program began, access to libraries has increased from 56 percent of the population to 96 percent. And most States have assumed the leadership role in encouraging public library services; nearly 96 percent of the total expenditures for public libraries comes from State and local governments, with additional support from the private sector.

The construction portion of the legislation has provided more than a quarter billion dollars for over 3,000 library building and renovation projects. But the Federal Government simply cannot continue to support this program in the 1990s. The State and local governments can and should assume the fiscal responsibility for building their libraries.

The funding needs in today's libraries have evolved from the most rudimentary needs of buildings, books, and shelving, to the more sophisticated needs of an increasingly technological society. Today's information needs are more sophisticated and more complex, as are the media now used to store, manipulate, and retrieve that information. Beyond the traditional book or the encyclopedia are such things as computer information networks and the videodisk; and the search for materials no longer must rely on the card catalog, but instead is expedited through the use of machine-readable databases of bibliographic holdings.

We are requesting $20.4 million, an increase of 4.2 percent over the 1990 level, for Title III, Interlibrary Cooperation, to support the development of new interstate and intrastate library networks and the expansion of existing ones; the acquisition of computer hardware and software and telecommunications equipment to make resource sharing faster and less expensive; the training of library personnel in the use of new technologies; and the conversion of library holdings to databases to facilitate sharing and broaden availability of all types of materials.

We are also requesting $8.4 million for expansion of Library Literacy Programs, an increase of $3 million. Literacy is a critical national problem and it will continue to be for some time to come. We hope that the concept of conducting literacy training in local public libraries will become more widespread through the efforts of this program. The increase for this program indicates the high priority the Department gives to combating illiteracy.

Higher Education Act

We are seeking level funding for the programs supported under Title II of the Higher Education Act. The request includes nearly $1 million to support library research, the dissemination of the research findings, and the training or retraining of librarians to meet changing information needs. Support of $5.7 million will help major research libraries to preserve and share their resources. And $3.7 million will assist academic libraries with the purchase of state-of-the-art equipment to be used primarily to increase participation in national library networking to facilitate resource sharing. The authorization for the Higher Education Act expires at the end of fiscal year 1991, and we are already working on developing a reauthorization package that will reflect the appropriate Federal investment in the future.

Summary

In a time of severe budget restrictions, it is our responsibility to ensure that every Federal dollar is focused on an area of critical national need. With this goal in mind, we have requested a budget that would direct Federal monies to those activities, such as research, resource sharing, technology, and literacy, that would provide the most benefit to the larger library community, that is, to the citizens who depend on libraries to meet their information needs.

My colleagues and I will be happy to respond to any questions you may have.

DEPARTMENT OF EDUCATION

Office of Educational Research and Improvement

Biographical Sketch

NAME : Christopher T. Cross

POSITION : Assistant Secretary for Educational Research and Improvement

BIRTHPLACE AND DATE : Lakewood, Ohio, May 30, 1940

EDUCATION : Whittier College, B.A., 1962
California State University, Los Angeles, M.A., 1970

EXPERIENCE

October 1989-Present : Assistant Secretary for Educational Research and Improvement
U.S. Deparment of Education

January-October 1989: Vice Chairman, Macro Systems, Inc., Silver Spring, Maryland

1983-1988 : President, 1985-1988, Executive Vice President, 1983-1985,
University Research Corporation, Center for Human Services,
Bethesda, Maryland

1980-1983 : Manager, Federal Systems, Westinghouse Information Services
Westinghouse Learning Corporation, Washington, D.C.

1978-1980 : Director, Washington Office Operations/Policy Analysis
Abt Associates, Inc., Washington, D.C.

1972-1978 : Republican Staff Director and Senior Education Consultant
Committee on Education and Labor, United States House of Representatives,
Washington, D.C.

1970-1972 : Deputy Assistant Secretary for Legislation (Education)
U.S. Department of Health, Education, and Welfare
Washington, D.C.

PROFESSIONAL MEMBERSHIPS : Executive Committee, Professional Services Council, 1980-Present, Chair, Government Relations Committee, 1983-1985, 1988

PROFESSIONAL MEMBERSHIPS (continued)

Secretary, Board of Trustees, Council for Excellence in Government, 1986-1989

Chair, Lab Review Panel, U.S. Department of Education, 1987-1989

National Research Council Panel of the National Academy of Sciences on Education Evaluation, 1979-1981

American Society of Training and Development, 1984-1989

U.S. Chamber of Commerce, Council on Procurement Policy, 1985-1989

OTHER PROFESSIONAL ACTIVITIES AND AWARDS:

Frequently testified before both Houses of Congress on issues of Federal education policy, education research policy and procurement, 1984-1989

The Secretary's Special Citation from HEW Secretary Elliot L. Richardson, 1973

Speaker or panelist at annual conference for a number of major associations

Numerous citations from Professional Services Council for industry leadership in areas related to Federal procurement

Team Captain, The Prune Book, Center for Excellence in Government, 1988, Madison Books

Numerous publications and presentations related to education research, policy, and procurement issues

REDUCED REQUEST FOR LIBRARIES

Mr. **Natcher**. Mr. Cross, as you know, the Department's request for libraries is a $98,000,000 or 71 percent reduction from the amount requested last year. The committee is concerned about the Department proposal at a time when this country is facing serious literacy and reading skills problems.

How do you reconcile your proposal with data on literacy problems in this country?

Mr. **Cross**. Mr. Chairman, in fact, in the title of the Library Services and Construction Act that is targeted on literacy, we have requested a better than 50 percent increase. Our decreases are in titles I and II for public library services and construction.

As I am sure you know, in 10 of the last 25 years there have been no funds appropriated for the construction title, so that is not a new issue. In the public library services area, the Administration submitted a new bill to Congress about a year and a half ago. It was not adopted by the Congress. In fact, I think the House today or earlier this week voted to approve the conference report on the Library Services and Construction Act reauthorization.

Our amendments, except in a few cases, were not accepted. Our concern with Title I, Mr. Chairman, is that only about one quarter of the money under that title goes to the targeted populations set forth in the law. Most of the money goes for support of State libraries and for something called "inadequate services," which is a category that deals with not having the library open enough hours, or not having a collection that is up to certain standards that the American Library Association or others might deem acceptable.

So we just don't think that is an effective targeting of resources.

Ms. **Christensen**. Mr. Chairman, may I add one other thing?

Mr. **Natcher**. Yes, go ahead.

Ms. **Christensen**. In all programs that address the literacy problem within the Department of Education, we are requesting a total of $314,000,000 which is $77,000,000 or a 32 percent increase over the 1990 level. We will be glad to supply a list of those for the record. We focused our resources on those programs that most directly address that problem.

[The information follows:]

ADULT LITERACY PROGRAMS IN THE DEPARTMENT OF EDUCATION

[Dollars in millions]

	1990 appropriation	1991 request
Adult education State programs	$157.8	$200.0
Adult education national programs	2.0	8.0
Literacy training for homeless adults	7.4	10.0
Workplace literacy partnerships	19.7	19.7
English literacy grants	5.9	1.0
Library literacy programs	5.4	8.4
Student literacy corps	5.0	5.0
Even Start	24.2	48.0
Family English literacy (bilingual education)	4.9	5.5
Indian education (adults)	4.1	4.2
OERI Adult Literacy Reserach Center		1.0
National assessment of adult literacy	0.9	3.5
Total	237.3	314.3

Mr. NATCHER. The committee understands that in some rural counties, the Federal appropriation accounts for 19 percent of the total spending on library services.

What would be the practical effect of your budget in local communities if we approved it as you submitted it, Mr. Cross?

Mr. CROSS. Well, Mr. Chairman, we cannot speak for every county but I know that from a national perspective the library services money coming from the Federal Government amounts to only one and a half percent of the amount that is spent on public libraries in the country.

I think the honest answer is that there will be ramifications felt in different ways in different communities.

REQUEST TO OMB FOR LIBRARIES

Mr. NATCHER. What was the Department's request to the OMB for the public libraries program when you submitted your original budget last fall?

Mr. CROSS. Mr. Chairman, our request was $137,200,000 for the Libraries account.

Mr. NATCHER. And now it is zero?

Mr. CROSS. It is zero only for Titles I and II of LSCA.

Mr. NATCHER. Did it kind of make you mad when they turned you down to that extent?

Ms. CHRISTENSEN. We went through a lot of back and forth discussions with OMB. We had to make some very tough choices. The secretary had some higher priorities such as Chapter 1 and Pell grants and programs that directly served the disadvantaged.

This was one of the areas that we felt was a lower priority. It was a joint agreement between the Department and OMB to zero this out.

As you know, Mr. Chairman, this has been recommended several times in the past, so it was not anything new.

RELATIONSHIP OF RESEARCH AND LIBRARY FUNDING

Mr. NATCHER. Is there any link between your proposal to reduce funding for libraries and your proposal to increase the budget for educational research?

Ms. CHRISTENSEN. Absolutely not. I would make three points with regard to that.

There are 24 other programs that we are proposing be either decreased or eliminated in our budget, and one could say that any one of those could have been a trade-off for the research increase. Secondly, I was there during the final negotiations on the budget with OMB and, if one really were forced to say where the tradeoff came, it would be that we decreased Libraries to keep the total for Chapter 1 as high as we could.

The third point I would make is that no one looks at totals within the offices within the Department. The Secretary, OMB, everyone decides program by program or priority area, as I know this subcommittee does when they mark up. Nobody really keeps track of how much a certain office's total will be. We look at the programs and populations to be served.

Mr. **Natcher**. When you take up these matters with the Office of Management and Budget, do they request an offset? When you come in and say we want this tremendous increase for research, what do they say to you about offsetting?

Ms. **Christensen**. Nothing, per se.

Mr. **Natcher**. But between the lines, don't they just—

Ms. **Christensen**. They come back with an allowance or a pass back that distributes the money they would like to see program by program.

The Secretary looks at where he thinks the priority should be. There is a back and forth and there are lots of tradeoffs among all the programs during that time. There is no specific tradeoff program by program.

We have 208 major programs. There was never this kind of tradeoff.

Mr. **Natcher**. At this point in the record, if you will, please, insert the funding history of the libraries programs since 1981, displaying the Department's request and the final appropriation.

[The information follows:]

LIBRARIES FUNDING HISTORY: 1981-1990
($000)

	Public Library Services	Public Library Construction	Interlibrary Cooperation	Library Literacy	Training and Demonstrations	Research Libraries	College Library Technology	Totals
1981:								
Request	$62,500	---	$12,000	---	$1,167	$6,000	---	$81,667
Appropriation	62,500	---	12,000	---	917	6,000	---	81,417
1982:								
Request	41,250	---	10,560	---	1,027	5,280	---	58,117
Appropriation	60,000	---	11,520	---	880	5,760	---	78,160
1983:								
Request	---	---	---	---	---	---	---	---
Appropriation	60,000	$50,000	11,520	---	880	6,000	---	128,400
1984:								
Request	---	---	---	---	---	---	---	---
Appropriation	65,000	---	15,000	---	880	6,000	---	86,880
1985:								
Request	---	---	---	---	---	---	---	---
Appropriation	75,000	25,000	18,000	---	1,000	6,000	---	125,000
1986:								
Request	---	---	---	---	---	---	---	---
Appropriation	71,774	21,533	17,226	$4,785	957	5,742	---	122,017
1987:								
Request	---	---	---	---	---	---	---	---
Appropriation	80,000	22,500	18,000	5,000	1,000	6,000	---	132,500
1988:								
Request	---	---	---	---	---	---	---	---
Appropriation	78,986	22,595	18,669	4,787	718	5,744	$3,590	135,089
1989:								
Request 1/	---	---	---	---	---	---	---	--- 1/
Appropriation	81,009	22,324	19,102	4,730	709	5,675	3,651	137,200
1990:								
Request 2/	---	---	---	---	---	---	---	--- 2/
Appropriation	82,505	18,900	19,551	5,365	855	5,738	3,732	136,646

1/ $76 million was requested for programs included under proposed legislation.
2/ $137.2 million was requested for programs included under proposed legislation.
NOTE: This table was prepared on a comparable basis with the 1990 appropriation.

CHANGES IN LSCA REAUTHORIZATION

Mr. **Natcher.** Mr. Cross, the House passed the conference report on the new libraries services legislation yesterday. Are there any significant program changes in the bill which is about to go to the President?

Mr. **Cross.** There is the addition of an evaluation title which actually was the one title that the Administration had requested that was included in the final conference bill.

There is an increase in the amount of the maximum grant for Title VI included in the legislation. There is a new Title VIII for family learning centers and an expanded definition of networks.

All in all, though, it does not change Titles I and II to any extent.

Mr. **Natcher.** Will the Department recommend to the President that he sign the bill when it is presented to him?

Mr. **Cross.** We do not anticipate recommending a veto.

PUBLIC LIBRARY ACCESS

Mr. **Natcher.** Could you review for the committee briefly the latest data on the number of libraries in this country and access to library services, particularly in rural areas? Mr. Cross, that is where we have our problem. These are the people we hear from. It is the small communities.

Ms. **Mathews.** May I respond?

Mr. **Natcher.** Yes, go ahead.

Ms. **Mathews.** We know that when the original bill was initiated in 1956 there were approximately 13,000 public libraries in the Nation. Our latest figures show that there are upwards of 15,000 public libraries, so there has been an increase in public libraries. We also know that there are some 1100 bookmobiles that serve rural areas in the country today.

I would also like to comment on the fact that the States do have discretion over how they spend the monies they receive through LSCA Title I. If they decide they will put 19 percent of the Federal funds into the bookmobile or rural program, as Utah does, they are able to do that.

Basically, that is a State decision as to whether it goes to rural libraries through books-by-mail or some other way of providing services.

LSCA TITLE I TARGETING

Mr. **Natcher.** Last year you sought $91,000,000 to address the needs of the handicapped and economically disadvantaged. Can the existing public library programs be used to address these needs?

Mr. **Cross.** They can, Mr. Chairman, but the decision under Title I is a State decision as to how those monies are used. We would be happy to submit for the record at this point a table that shows how the States have chosen to spend the Title I money in each of the last two years for which we have data.

[The information follows:]

LIBRARY SERVICES AND CONSTRUCTION ACT
TITLE I – SUMMARY OF EXPENDITURES PER CATEGORY

CATEGORY	TOTAL 87 $ PER CATEGORY	% OF EXPENDITURES PER CATEGORY	TOTAL 88 $ PER CATEGORY	% OF EXPENDITURES PER CATEGORY
1. WITHOUT SERVICE	2,892,975	4%	2,854,451	4%
2. INADEQUATE	27,251,087	38%	23,672,810	33%
3. DISADVANTAGED	3,398,299	5%	3,324,436	5%
4. BLIND/PHYS HAND	4,099,996	6%	4,226,430	6%
5. INSTITUTIONAL	2,451,670	3%	2,362,647	3%
6. STRENGTH STATE LIB	14,094,929	20%	15,030,787	21%
7. MURLS (URBAN LIB)	4,568,986	6%	4,659,375	7%
8. STRENGTH METRO LIB	2,398,626	3%	2,463,750	3%
9. LIMITED ENGL SPKG	2,566,413	4%	2,862,125	4%
10. ELDERLY	871,744	1%	1,705,663	2%
11. COMMUN INFO REFER	1,280,700	2%	1,112,210	2%
12. LITERACY	2,570,471	4%	3,211,185	4%
13. HANDICAPPED	789,815	1%	871,775	1%
14. ADMINISTRATION	2,960,698	4%	3,031,561	4%
TOTAL	72,196,409		71,389,205	

PROGRAM STAFFING

Mr. **Natcher.** Does your budget assume reductions in the staff currently assigned to the library programs?

Mr. **Cross.** No, it does not.

LIBRARY LITERACY PROGRAMS

Mr. **Natcher.** The President and the governors have identified the need to improve the literacy of adult Americans as part of the national education agenda. Your budget includes a $3,000,000 increase for Library Literacy Programs. Could this program use more money effectively if Congress wants to increase our effort to improve literacy skills?

Mr. **Cross.** There are several other places in the budget that also have increases for literacy. As Ms. Christensen mentioned before, I think there are a number of areas where we are trying to strengthen literacy.

I think this title is pretty effective. And $3,000,000 is, in fact, more than a 50 percent increase for one year. I am not sure if more could be effectively used in a single year.

Mr. **Natcher.** How many requests for library literacy grants did you receive last year and how many were you able to actually fund?

Ms. **Mathews.** I would like to respond to that. We had 533 applications from 49 States. We awarded 214 grants which are going to 47 States. The primary use of the dollars was to plan and coordinate programs to train librarians and tutors and promote other literacy programs.

Mr. **Natcher.** How much is the average library literacy grant and how are these programs operated?

Ms. **Mathews.** The average grant is just under $20,000. The cap is $25,000 and many libraries request the full amount but some request less than that.

What was the second part of the question, sir?

Mr. **Natcher.** How are the programs operated, generally speaking?

Ms. **Mathews.** They are all operated through the local public library or State library agency which receives the money. We have a competition for the grants that is carried out by our office.

The operation of the program is at the local level. They assess the needs and carry out the programs.

Mr. **Natcher.** Mr. Conte, I yield to you.

ADEQUACY OF LIBRARY SERVICES

Mr. **Conte.** Thank you, Mr. Chairman. In your testimony, Mr. Cross, you said that access was the main goal of the Library Services and Construction Act and that has been achieved because 96 percent of the folks have access to some library service.

I disagree. I think the act was intended to not only create services where there were none, but also to improve services where they were inadequate.

The cuts that you are proposing would lead us to believe that services everywhere in the country are adequate. What evidence do you have that nationwide the public library services are adequate?

Ms. **MATHEWS**. I think it lies in the fact that the States spend approximately 36 percent of their funds on those inadequate services to which you refer.

Again, that is a State decision as to whether or not they feel those are the areas that they should target. If they spend it for inadequate services perhaps they are not targeting the money for the handicapped or the blind, or the physically handicapped or the illiterate.

We are saying it is a State needs assessment upon which they base their State plan, and they use their monies according to that assessment.

I would like to add to what Mr. Cross said about Title VII of the bill that is under consideration now, providing an evaluation component. We have never had an evaluation or assessment of services included in the bill. It is very important that we look at how those monies are being spent.

Mr. **CONTE**. Is that the only structural change to the current law if that compromise bill comes out of the House and Senate?

Mr. **CROSS**. There was another title added for family learning centers.

Ms. **MATHEWS**. Other provisions and services that have been added include child care, library outreach, intergenerational library services, library literacy centers and drug abuse prevention, in addition to Title VII, which authorizes evaluation and assessment.

Mr. **CONTE**. Has the National Commission on Libraries and Information Services developed any minimum standards for libraries?

Ms. **MATHEWS**. We feel that the setting of standards really is a State and local activity. Quality is usually assessed around the standards which are set by the States or by the local public libraries.

OVERVIEW OF REQUEST FOR LIBRARIES

Mr. **CONTE**. You are proposing to cut $100,000,000 from the library account because the Department only wants to fund programs that are "focused and well defined". How did you determine which of the library programs are "focused and well defined" and which programs are not "focused and well defined"?

Mr. **CROSS**. We looked at the reports that the States submitted under Title I to determine how they were spending the money. The chart I mentioned to the Chairman earlier shows the degree to which the money is spread out and is used for other categories besides targeted populations.

For example, the States reported in 1988 that only 5 percent of their money was used to serve the disadvantaged, only 7 percent was used to serve the handicapped, and 2 percent was used to serve the elderly.

We felt that that was just inadequate in terms of the amount of money that was available to them. On the other hand, strengthening State library agencies received a much larger share at 21 percent of the money.

Mr. **CONTE**. Is that why you requested no funds in Title I and II of the act and support funds for Title III and IV?

Mr. CROSS. Yes, although Title II is a different story because that is construction. We have felt that the construction needs just are not as great as they were.

Our average grant under Title II is $200,000. It is over-matched by a ratio of three to one by the States or local communities.

TARGETED POPULATIONS

Mr. CONTE. You've talked about reporting categories. Things like institutional priorities and targeted population priorities could mean anything. The law doesn't make these distinctions.

Aren't these rather arbitrary distinctions?

Mr. CROSS. The Title I reporting categories which States report back on are specific; for example, the category of providing services to areas without service is 4 percent.

I do not believe that these are arbitrary categories. Let me ask Mrs. Mathews to expand on that.

Ms. MATHEWS. We are talking about the reports of the last two years. I do want to say that the National Center for Education Statistics is beginning to gather statistics on libraries, and the figures that we are quoting to you from the last two years are those data which we have just begun to gather. The public libraries themselves are sending in the information.

I would also like to add that only 1.4 percent of the total public library funding is Federal funds. What we have found out is that local giving is up in terms of support of libraries and all but three States now provide aid for libraries.

So there is a great deal of State and local support that was not there 25 years ago which we find is a very encouraging fact. Local support indicates that there is a local priority for libraries in a city or county.

Mr. CONTE. Title I of the act allows libraries to better serve the disadvantaged, illiterate and handicapped. Improving adequate services to these folks is at the heart of the act. Why would you eliminate funds for Title I?

Mr. CROSS. Those are only some of the things the funding under that title can be used for. As I mentioned earlier, not a lot of the money, in fact 25 percent of the money, gets used for those targeted categories. Some of the other categories are 21 percent for strengthening State libraries, 4 percent for administration, and 7 percent for metropolitan urban resource libraries. There are a variety of other categories beyond the inadequate service that will take funding.

Mr. CONTE. Did you give them any guidance in filling out those reports?

Ms. MATHEWS. Well, the National Center for Education Statistics is gathering those data to which we are referring. They are asked to submit where their support comes from, the hours the library is open, how many staff there are, how many of those people are professional librarians, questions like that. Those are the categories that the study includes.

However, it is the State's decision to put the Title I monies in each of those 14 categories they choose. For 1988, the States used 75 percent of the money for institutional purposes and 25 percent for the disadvantaged and the handicapped and elderly and those with limited English speaking ability and illiterate.

Ms. CICHOWSKI. Our budget reflects our frustration with the authorizing legislation here. Although the authorizing legislation identifies special populations like the disadvantaged, elderly, and handicapped as populations that could or should be addressed, it does not require the States to spend any specific proportion of their funds on these populations.

We think an appropriate area for Federal investment is assistance for library services that would address the needs of special populations, hence our request for a significant increase in the Library Literacy Program. We do not feel we should continue to request funds for Title I as currently structured because it permits States to use funds for needs that are less essential.

We would like to see that program more targeted. We have proposed legislation reflecting that objective, but we could not persuade the Congress to enact such legislation. What the Congress has done in this reauthorization is expand the list of priorities to include drug education, child care, and so forth; so they have added to the list of laudable goals but have not required the States to give any of these items any special emphasis.

LIBRARY ACCESS FOR THE HANDICAPPED

Mr. CONTE. What about special requirement from the State to build a ramp to a library so that the handicapped can use it?

Ms. CICHOWSKI. The States have the discretion to use the funds for this purpose, but it is a matter of State judgment as to whether or not to do so.

Mr. CONTE. We spend a lot of money on literacy. What good is it if an illiterate person is tied to a wheelchair and cannot get into the library? You are not going to help that person much unless you built a ramp and allow the wheelchair to get into that library.

I saw that happen. There was a guy who lived in Holyoke, Massachusetts, who wanted to get into the library. He could not get in because he was in a wheelchair. They built a ramp. Now he is in the library all the time.

Ms. CICHOWSKI. Historically, Title I funds have been available for purposes like that and the States have used very, very little money on addressing the needs of special populations.

Mr. CONTE. Maybe we ought to stop giving it to States and make the grants directly to the local Government.

Mr. CROSS. I expect what happened in Holyoke was that Section 504 of the Rehabilitation Act, which requires access, required that library to build a ramp.

Mr. CONTE. They got the funding out of this program.

Mr. CROSS. It was probably because of the Section 504 requirement.

Ms. CICHOWSKI. The Americans with Disabilities Act will take care of more of these issues, too.

Mr. CONTE. If the budget is based on an arbitrary accounting process, perhaps we need a more detailed break-out of what the categories really mean and what was left for each category. Mr. Cross, for the record, will you provide that for us for the record?

Mr. CROSS. Yes.
[The information follows:]

FUNDING CATEGORIES OF THE PUBLIC LIBRARY SERVICES PROGRAM (LSCA I)

Neither the categories nor the reporting requirements relating to the Public Library Services program are arbitrary. The categories are found in various sections of the Library Services and Construction Act. States decide on the amounts to be used among these categories according to their own needs and priorities, and they include the information in their applications for funds. At the end of the year, each State must file an annual report detailing fund usage among these same categories.

A table detailing fund usage by category for fiscal years 1987 and 1988 appears earlier in this transcript.

NO FUNDING REQUESTED FOR LSCA I

Mr. CONTE. A number of Title I projects in Massachusetts help get young children into the libraries so they are reading at an earlier age. How does it make sense to increase Headstart and literacy programs and then zero out the libraries?

Mr. CROSS. I think one has to look at the programs we are funding. The Even Start program funding in the elementary and secondary area is, in fact, doubled in the budget for next year. So I don't think it is fair to say we are ignoring these issues. We are trying to distinguish where the best investment is.

NO FUNDING REQUESTED FOR LSCA II

Mr. CONTE. For the record, Massachusetts is in a very severe fiscal crisis. Title II has been especially useful in my State to help with construction.

Plus they have helped to stimulate matching funds. This is probably true of many other States. Can you tell us for the record why you are eliminating Title II?

[The information follows:]

PUBLIC LIBRARY CONSTRUCTION BUDGET JUSTIFICATION

The Federal share of the total dollars spent on public library construction has decreased to less than 5 percent, with State, local and private funds contributing 95 percent. We simply do not feel that Federal funding is necessary any longer.

Mr. CONTE. Tell us also for the record how many requests for library construction aid have you rejected?

[The information follows:]

REJECTION OF CONSTRUCTION REQUESTS

The Public Library Construction program (LSCA Title II) is a State formula grant program operated by the States. We do not collect data from the States on unfunded projects.

Mr. CONTE. For the record, provide a State-by-State break-out of how the Title II funds have been distributed in each of the past five years.

Mr. CROSS. We will do that.

[The information follows:]

PUBLIC LIBRARY CONSTRUCTION 1/

State or Outlying Area	1986 Approp.	1987 Approp.	1988 Approp.	1989 Approp.	1990 Approp.
TOTALS:	$21,533,000	$22,500,000	$22,595,000	$22,324,000	$18,900,000
Alabama	363,355	378,203	379,461	373,959	317,788
Alaska	131,980	135,220	136,270	135,226	127,820
Arizona	297,467	314,249	321,859	327,192	285,242
Arkansas	254,583	263,616	263,980	260,229	227,158
California	1,774,544	1,899,007	1,931,431	1,956,117	1,603,286
Colorado	309,168	322,479	324,708	321,153	275,261
Connecticut	308,703	320,038	320,330	315,450	271,651
Delaware	140,291	142,822	143,218	143,211	135,042
Florida	814,204	870,655	889,604	906,713	754,907
Georgia	481,104	507,436	515,161	517,480	436,718
Hawaii	167,684	172,323	173,027	172,667	158,297
Idaho	165,623	169,673	169,761	166,963	153,253
Illinois	862,873	903,573	901,625	877,123	716,627
Indiana	463,817	483,026	482,156	471,116	394,987
Iowa	293,079	302,463	300,180	290,154	250,467
Kansas	261,298	270,172	270,164	266,133	232,468
Kentucky	346,867	359,442	359,102	350,072	297,879
Louisiana	395,203	411,122	411,700	399,322	334,036
Maine	176,128	180,623	180,948	179,645	163,978
Maryland	385,828	403,311	405,239	404,287	345,398
Massachusetts	483,165	504,367	504,321	492,856	412,667
Michigan	701,708	731,728	731,461	717,297	590,583
Minnesota	375,523	390,338	391,272	384,896	328,673
Mississippi	271,603	281,191	281,628	276,131	239,105
Missouri	429,975	448,783	449,847	442,398	372,953
Montana	154,187	157,399	157,323	154,282	142,740
Nebraska	206,113	211,936	211,520	206,953	185,056
Nevada	159,639	163,953	165,106	167,567	155,960
New Hampshire	163,695	168,209	169,413	170,922	157,606
New Jersey	596,260	624,255	625,360	614,772	509,934
New Mexico	193,015	199,453	200,820	200,646	180,012
New York	1,274,361	1,337,649	1,333,044	1,296,012	1,050,850
North Carolina	503,976	530,032	535,102	530,296	444,523
North Dakota	145,278	147,913	147,596	145,089	135,413
Ohio	813,805	849,034	846,733	823,579	676,329
Oklahoma	320,072	330,847	329,711	319,543	272,129
Oregon	276,723	286,630	286,631	282,773	246,909
Pennsylvania	890,465	929,028	924,276	900,875	737,174
Rhode Island	163,562	167,092	167,190	166,158	152,722
South Carolina	316,482	330,289	331,726	329,809	284,234
South Dakota	146,474	149,168	149,194	147,572	137,856
Tennessee	410,894	429,602	431,225	425,758	359,892
Texas	1,149,100	1,221,668	1,238,756	1,226,499	994,146
Utah	207,576	213,192	214,299	212,724	189,728
Vermont	134,906	136,963	137,173	136,769	129,573
Virginia	469,402	493,068	496,192	496,143	419,357
Washington	386,027	403,310	406,281	404,488	346,778
West Virginia	230,448	236,067	234,588	227,284	199,603
Wisconsin	415,548	432,113	431,850	422,537	357,768
Wyoming	134,307	135,777	135,436	132,878	125,432

PUBLIC LIBRARY CONSTRUCTION 1/

State or Outlying Area	1986 Approp.	1987 Approp.	1988 Approp.	1989 Approp.	1990 Approp.
District of Columbia	141,421	143,590	143,288	141,735	132,759
Puerto Rico	316,881	328,057	327,209	319,409	273,615
American Samoa	22,247	22,461	22,453	22,369	21,874
Guam	27,360	28,355	28,324	28,038	26,361
N. Mariana Islands	21,183	21,297	21,292	21,248	20,988
Virgin Islands	26,748	27,497	27,469	27,213	25,708
Federated States of Micronesia	(28,072	17,789	17,672	17,498	---
Marshall Islands	(	7,624	7,470	7,396	---
Republic of Palau	(	2,823	2,925	2,896	2,727
Mandated set-aside for Indian tribes and native Hawaiians	431,000	450,000	451,900	446,480	378,000

1/ Distributed with a basic amount of $100,000 to each of the 50 States, D.C., and Puerto Rico and $20,000 to each Outlying Area; the remainder distributed on the basis of provisional total resident population.

LIBRARY DATA COLLECTION BY NCES

Mr. CONTE. The National Center for Education Statistics has been required to establish a national system for collecting statistics about public libraries.

How is this program funded and what is the status of this program?

Mr. CROSS. Do you want that for the record?

Mr. CONTE. All right. Get that for the record.

[The information follows:]

LIBRARY DATA COLLECTION

The development and implementation of a cooperative system for the collection of data on public libraries is being carried out jointly by NCES and the National Commission on Libraries and Information Science. Data from the participating 44 States and the District of Columbia are available in a "working paper." Efforts are continuing to make the reporting complete and consistent across the States. The program is funded by NCES at the following levels: $251,000 in fiscal year 1989; $500,000 in 1990; and $750,000 requested for 1991.

Mr. CROSS. NCES is funding that and the first data collection has been undertaken. It is being tabulated and is ready for reporting right now.

NEW TECHNOLOGIES

Mr. CONTE. It may be appropriate for the Federal Government to support the development of the newest forms of information and technology, such as the laser disc. What is the Department or other Federal agencies doing to explore this service?

Mr. CROSS. One thing we have is a Center for Technology in Education which is funded under the Research and Statistics account. It is located at Bank Street College, New York. They are looking at those kinds of issues.

I would be glad to provide you with some information on the kinds of projects they are looking at, among which is the laser disc and CD-ROM.

LIBRARY RESEARCH AND DEMONSTRATIONS

Mr. CONTE. What type of research and demonstrations are supported under Title II Part B of the Higher Education Act?

Ms. MATHEWS. We can supply a full list for the record. In addition to library research, we are supporting masters and doctoral fellowships as well as institutes to update the skills of practitioners under HEA II-B

[The information follows:]

LIBRARY RESEARCH PROJECTS

Five projects were funded in 1989 under the Library Research and Demonstrations program: One was in the area of library materials collection management, "Age Analysis of Public Library Collections;" another involves the development of a prototype system to assist library users in accessing bibliographic information in the biological sciences more efficiently; and another will demonstrate the benefits to be derived from the use of hypermedia, which are interactive electronic programs to teach students how to do research in specific subject areas. The other two projects were "Factors Influencing the Outcome of Challenges to Materials in Middle, Junior, and Senior High School Libraries" and "Local Implementation of the Public Library Planning and Role-Setting Process."

Mr. CONTE. Also for the record, how are the findings from these projects disseminated?

Ms. MATHEWS. We will supply the information for the record.

[The information follows:]

DISSEMINATION OF LIBRARY RESEARCH FINDINGS

Our research reports are printed by the Government Printing Office and distributed by direct mail by our Information Services office to the library community. They are also promoted in library and education journals, and they are available through ERIC.

RESEARCH ON EFFECTIVENESS OF LIBRARIES

Mr. CONTE. Are any of the projects you are currently funding developing measures for assessing the quality or the effectiveness of libraries?

Ms. MATHEWS. We completed a study in 1989 which Drexel University did under a Title II–B Research and Demonstration project which looked at effectiveness indicators. We will be happy to give you the results of that study which might be of interest because it does look at what people themselves say are those qualities they look for in a library.

PRESERVATION OF LIBRARY MATERIALS

Mr. CONTE. Are you funding anything to help learn about the preservation of books and other print material made of brittle paper?

Ms. MATHEWS. The Higher Education Act Title II–C has as one of its purposes the preservation of materials. We have allocated money to that over the past decade.

However, in terms of competitive grants, the monies that are being used by the National Endowment for the Humanities and, of course, the work of the Library of Congress are also adding to what we are doing in our program about brittle books.

Mr. CROSS. But we are funding at least two projects of which I am aware.

Ms. MATHEWS. The money from II–C has helped to set up the centers for preservation at Harvard, the Boston Public Library and the Folger Shakespeare Library.

TOTAL FEDERAL FUNDS FOR RESEARCH LIBRARIES

Mr. CONTE. What is the total level of funding for research libraries from all agencies?

Ms. MATHEWS. We will have to supply that for the record because a lot of that is proprietary information since many of those research libraries are private. We will get what we can.

Mr. CONTE. Thank you.

[The information follows:]

RESEARCH LIBRARY FUNDING

Because agencies define research libraries differently, and because in some cases the information is proprietary, we have no reliable data on total funding for research libraries. In addition to our Research Libraries program funds, other Federal support for research libraries is provided by the National Endowment for the Humanities and, to a lesser degree, the National Historical Publications and Records Commission.

CONCLUSION

Mr. **Natcher**. Mr. Cross, we want to thank you and your associates for appearing before our committee on behalf of your request for fiscal year 1991, Libraries.

It has been a good hearing. Thank you very much.

Mr. **Cross**. Thank you, Mr. Chairman.

Mr. **Natcher**. The committee will now recess. We will adjourn until 10 o'clock in the morning.

[The following questions were submitted to be answered for the record:]

ACCESS TO LIBRARY SERVICES

Mr. Natcher: Last year, this Committee was told that 96 percent of the country has access to public libraries. Can you tell exactly what data this conclusion is based upon, and also tell us if quality of service was taken into account when you measured access?

Mr. Cross: We define access in terms of the availability of library facilities and services to the general public, and the data have been compiled from State reports. After more than 30 years of funding, we believe that with the increase in the number of library facilities and the expansion of library services, access is no longer an issue. Quality of service is defined by the States according to State or local standards which include such things as the number of hours open and the number of volumes in circulation.

NEW LSCA VII

Mr. Natcher: Title VII of the proposed reauthorization to the Library Services and Construction Act provides authority for program evaluation. Will additional money and staff resources be required to undertake this review if the legislation becomes law?

Mr. Cross: Title VII simply authorizes evaluations and assessments of LSCA programs, but does not mandate specific activities or studies. However, if funds are provided for LSCA VII, additional staffing may be required.

WHITE HOUSE CONFERENCE ON LIBRARIES

Mr. Natcher: Mr. Cross, what is the Department's involvement in the White House Conference on Library and Information Services, and when will this conference be held?

Mr. Cross: The Secretary of Education is an ex officio member of the Advisory Committee on the White House Conference on Library and Information Services (WHCLIS). The Office of Educational Research and Improvement has detailed two senior staff members to WHCLIS full time until the conference, which is to be held in July 1991.

THE CHANGING DEMOGRAPHICS

Mr. Natcher: What is the Federal Government, and the library community more broadly, doing to accommodate the changing demographics such as the growing elderly, disabled and foreign-speaking populations?

Mr. Cross: Libraries nationwide have programs specifically designed for these populations. The Federal Government has supported some of these programs over the years through funding under the Public Library Services program. Now these programs are heavily supported by State and local governments and private contributions.

BRITTLE BOOKS

Mr. Natcher: Mr. Cross, as you may or may not know, I have been very concerned about the problem of deteriorating paper in our modern books. What portion of the country's library collection is threatened by the "brittle book" problem?

Mr. Cross: Information supplied by the Commission on Preservation and Access indicates that more than 75 million volumes, or 25 percent of the collections of the Nation's major libraries, including the Library of Congress and the major research libraries, are in a serious state of embrittlement.

Mr. Natcher: Should the Federal Government take a more active role in the area of helping libraries to preserve their collections, and ensure that new materials are produced on adequate paper?

Mr. Cross: The Federal Government plays a considerable role now. Preservation projects are largely funded by the National Endowment for the Humanities. Additionally, the major Federal libraries, including the National Library of Medicine and the National Agricultural Library, play major roles in the preservation and conservation of collections.

PUBLIC LIBRARY CONSTRUCTION

Mr. Natcher: How much has the Federal Government invested in public library construction over the last ten years? What percentage of the total spending for public library construction is provided by the Federal Government?

Mr. Cross: Over the past ten years more than $180.2 million has been appropriated for public library construction. The Federal share over this same time period has been less than 5 percent.

Mr. Natcher: Can you tell us what is the average cost of a project funded under the Title II construction grant program, and also tell us what is the average Federal and local share of these projects?

Mr. Cross: The average cost of funded projects is approximately $200,000. State and local support for these projects is about 75 percent, the Federal share about 25 percent.

Mr. Natcher: The Committee has been told that when Title II construction grant funds are available, they stimulate twice the required amount of Federal matching funds. What type of response do you see when these grants are announced?

Mr. Cross: Data from State annual reports indicate matching is at a rate of three State and local dollars against each Federal dollar awarded. The construction program is a State formula grant program; therefore, the States do not compete for the funds. Since the funds remain available until used, the States have the option of using their funds beyond the initial year of availability. In 1989 the States were able to use $15.4 million of the $21.9 million that was appropriated for construction. $8.7 million was carried over to fiscal year 1990 from 1989 and prior years, resulting in a total of $27.2 million available in 1990.

LIBRARY SERVICES FOR INDIAN TRIBES

Mr. Natcher: The Federal library program has contained for some years special set-asides for Native Americans. What can you tell us about the needs of these groups, and how they are being met by the existing library programs?

Mr. Cross: The National Commission on Libraries and Information Science has recently established a task force to study the library needs of Native Americans. We will follow this effort closely. We can report that, from among the list of allowable uses, most of the Title IV funds have been used by the grantees to build library facilities, purchase library materials, and support the salaries of library personnel.

SELECTION OF RESEARCH LIBRARY GRANTEES

Mr. Natcher: Please tell us which institutions receive the Higher Education Act Title II-C research library grants.

Mr. Cross: Most of the grantees are higher education institutions, both public and private, but a few grants have been awarded to historical societies, independent research libraries, public libraries, and museums.

Mr. Natcher: The Committee has been told that several prestigious, well-funded institutions receive the Higher Education Act, Title II-C research library grants. How are these grants awarded?

Mr. Cross: The Research Libraries grants are awarded competitively based on the quality of the applications. These grants are awarded primarily to major research libraries, some of which are quite financially secure; however, the legislation does not require that an institution's wealth be taken into account. Grantees must have a library collection which is available to qualified users and which makes a significant contribution to higher education and research; is broadly based and is recognized as having national or international significance for scholarly research; is of a unique nature, containing material not widely available; and is in substantial demand by researchers and scholars not connected with that institution.

SUPPORT FOR PUBLIC LIBRARIES

Mr. Natcher: In your view, what are the respective Federal, State, and local roles in supporting public libraries?

Mr. Cross: Libraries, like schools, are a State and local responsibility. The Federal role has been to address critical national needs such as support for literacy; to support activities that provide benefits across political and geographic boundaries, including electronic networking which enhances the sharing of unique national resources; and to support those activities that are most efficiently carried out at the Federal level, such as research and evaluation.

ALLOCATION OF LEVEL FUNDING

Mr. Natcher: If you assume enactment of the current LSCA reauthorization bills, how would you allocate $137 million for library programs? Provide a brief justification for each funding level, and a short rationale for not funding any provisions.

Mr. Cross: The Libraries account includes programs authorized under both the Library Services and Construction Act and Title II of the Higher Education Act. We believe that the amount we requested in 1991 is sufficient; but if we had to allocate $137 million among all of our library programs, we would focus the funds on activities where there is an appropriate Federal role and a critical national need. First, we would provide $76,500,000 for LSCA Title I, Public Library Services, but would propose appropriation language restricting use of the funds to targeted populations, namely the economically disadvantaged, the blind and physically handicapped, and illiterate adults. We would increase LSCA Title III, Interlibrary Cooperation, to $34,175,000 to further increase the resource sharing capacities of all types of libraries.

The Library Literacy Programs would receive $15 million in recognition of the critical national need to reduce the illiteracy level. At this funding level, we feel it would be necessary to eliminate the grant ceiling and permit this program to become a major contributor to the adult literacy effort. In areas where the needs are the greatest, larger grants would provide more meaningful support for materials, staffing, and the recruitment of volunteers to be trained as tutors.

Finally, we would fund at $1 million the new Title VII found in the LSCA reauthorization bill, providing for Evaluation and Assessment of the LSCA programs. Since none of these programs has been formally evaluated in recent years, these funds would permit the Department to fund a thorough study of one or more of the LSCA programs, providing a possible basis for funding decisions in the future.

The budget requests for Training and Demonstrations, Research Libraries, and College Library Technology would remain unchanged.

We would not fund LSCA Title II, Public Library Construction, because we believe that it is no longer a Federal responsibility to subsidize State construction needs. Nor would we fund the new LSCA Title VIII, the Library Learning Centers program, because we feel it is duplicative of programs already covered under LSCA Titles I and VI.

STAFFING FOR OFFICE OF LIBRARY PROGRAMS

Mr. Natcher: Please prepare a historical table which displays the number of FTEs allocated to the Office of Library Programs for each year from 1986 to 1991.

Mr. Cross: The following table provides actual FTE usage for Library Programs from 1986 to 1989, and estimates for 1990 and 1991.

Fiscal Year	FTE Usage
1986	28
1987	30
1988	31
1989	34
1990	34
1991	34

LIBRARY SERVICES FOR PRIORITY GROUPS

Mr. Natcher: Provide a table which shows Library Services (LSCA Title I) expenditures by priority group for the most recent year for which this information is available.

Mr. Cross: The information follows:

Priority Group	1988 Amount	% of Total Funds Available
Blind/physically handicapped.......	$5,098,000	7
Economically disadvantaged.........	3,324,000	5
Illiterate/functionally illiterate.	3,211,000	4
Limited English speaking...........	2,862,000	4
Institutionalized..................	2,363,000	3
Elderly............................	1,706,000	2

TYPES OF LSCA II PROJECTS

Mr. Natcher: Provide a table which shows construction grant (LSCA Title II) expenditures by project type (new construction, remodeling, equipment, etc.) for the most recent year for which this information is available. Display the total number of projects in each category and, if available, the average Federal share as a percentage of the total project cost.

Mr. Cross: The compilation of LSCA Title II completion report data for 1988 submitted by the State Library Administrative Agencies is as follows:

Type of project	No. of Projects
Improve access to handicapped.........	37
Remodeling............................	37
Expansion.............................	35
Construction--new buildings...........	23
Energy efficiency.....................	22
Modifications needed to accommodate... new technologies....................	13
Alterations...........................	8
Acquisition costs.....................	5
Preserve historic buildings...........	5

We have no data on the Federal share per project. However, the overall Federal proportion of construction funding is less than 5 percent; the State share, 16 percent; the local share, 71 percent; and private funds, over 8 percent.

LSCA I AND II GRANTS AS SEED MONEY

Mr. Natcher: Libraries tell us that the LSCA Title I and II grants often provide essential "seed" money without which they could not obtain State and local matching funds. Is there any merit to this argument?

Mr. Cross: This argument has some merit. However, the Federal influence is probably minimal since it represents only 1.4 percent of the funds expended on public libraries nationwide.

INTERLIBRARY COOPERATION

Mr. Natcher: What are the national short- and long-term goals of the interlibrary cooperation effort and where do we stand in terms of achieving these goals? What is the Federal role in this area?

Mr. Cross: The goal of the Interlibrary Cooperation program is to promote cooperation and resource sharing among all types of libraries and information centers, and thereby improve the efficiency and effectiveness of the Nation's library services. The Title III funding has been, and continues to be, instrumental in encouraging States to share their library holdings. We feel that there is a legitimate Federal role in supporting activities that would help make library collections more widely available, especially activities that result in increased interstate networking.

Mr. Natcher: What percentage of the total interlibrary cooperation effort is funded with Federal grants? How big is the demand for these grants at the State level?

Mr. Cross: No comparable data are available on the country's total interlibrary cooperation effort. NCES tabulations of 1988 State data for 44 States and the District of Columbia indicate that over 6,000 public libraries had 7.4 million interlibrary loan transactions. The demand for materials has increased with the creation of statewide bibliographic databases of holdings, many of which were initiated or are currently supported with LSCA Title III funds.

Mr. Natcher: Are the Interlibrary Cooperation grants used primarily for maintaining and expanding existing resource sharing systems or for acquiring new technologies?

Mr. Cross: Most of the funds support existing resource sharing systems, but the purchase of new equipment utilizing the most up-to-date technology is a part of that support.

Mr. Natcher: What is the Department doing to ensure that the latest library technologies developed by the Library of Congress and the National Commission on Libraries and Information Science are made available to the library community?

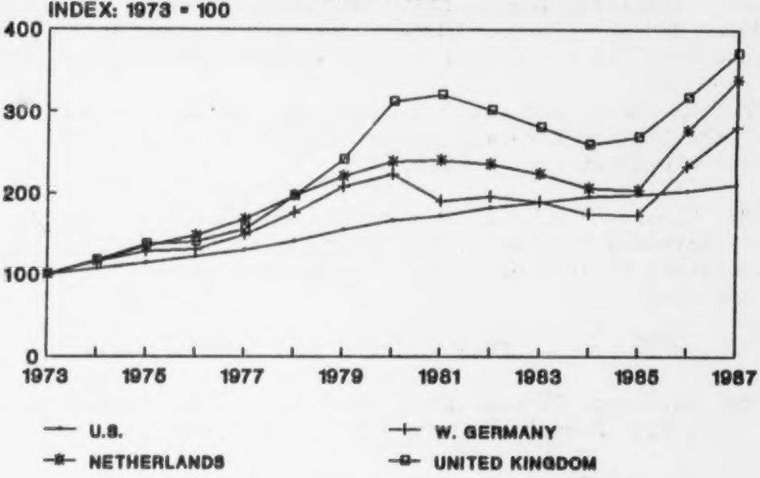
Mr. Cross: It is not the role of the Department to promote any specific technological innovation. However, the Library of Congress routinely promotes its various products to the library community through its marketing office. Although NCLIS does not develop technology, it does promote research and development activities that improve the Nation's libraries.

COST OF FOREIGN LANGUAGE MATERIALS

Mr. Natcher: What is the relative cost differential between domestic and foreign materials?

Mr. Cross: The costs are skyrocketing for the purchase of foreign scientific and technical journals. The following chart comes from a recent study by the Association of Research Libraries titled "A Study of Trends in Average Prices and Costs of Certain Serials Over Time."

U.S. DOLLAR BASED INDEX OF AVERAGE PUBLISHING COSTS
FOR THE U.S., WEST GERMANY, NETHERLANDS, AND U.K.
1973 - 1987



LIBRARY LITERACY PROGRAMS

Mr. Natcher: Do public libraries charge user fees to participants in the literacy programs?

Mr. Cross: Not to our knowledge.

Mr. Natcher: In requesting a $3 million increase for Library Literacy Programs, how did you balance the need to increase the size of grants with the need to fund new grants?

Mr. Cross: Despite a grant ceiling of $25,000, we received more than 500 applications in FY 1989 and were able to fund only 214 projects. With an increase in the grant ceiling to $35,000, we expect to receive even more applications in 1991. Our request level strikes a good balance by providing sufficient funds to increase the number of grants from 243 to 275 at the same time the award size will increase.

Mr. Natcher: If additional funds were added to your request, would your priority be to increase the average grant size or increase the number of grants available?

Mr. Cross: We have no objection to the change in the recently enacted authorizing legislation that increased the maximum grant to $35,000. However, we would hope to receive sufficient funds to increase both the number and size of awards.

Mr. Natcher: How would the proposed National Literacy Act affect the Library Literacy Program under the reauthorized Library Services and Construction Act?

Mr. Cross: The National Literacy Act (NLA) would further amend Library Literacy Programs, LSCA Title VI, Section 601, to require the Secretary to give priority to projects in communities with the greatest need.

LIBRARY LITERACY CENTERS

Mr. Natcher: Do the Library Literacy Centers under the new LSCA Title VIII-B duplicate the existing Title VI programs?

Mr. Cross: To a degree, yes, in that every effort is now made to disseminate information about successful literacy projects and to encourage replication in other jurisdictions. The new Title VIII-B would establish Library Literacy Centers to serve as the State dissemination point for literacy project information, materials, and equipment. We would rather see the Federal dollar go directly to local libraries to support literacy projects.

IMPORTANCE OF RESEARCH LIBRARIES

Mr. Natcher: How does the current need for Federal support of research libraries differ from public libraries? Does the Department place a higher priority on supporting research libraries?

Mr. Cross: While we feel that support of public libraries is a State and local responsibility, we believe that there is a Federal role in providing for sharing of the unique resource materials found in the Nation's major research libraries. The primary purposes of the Research Libraries program are the preservation of materials and the entering of materials into electronic data bases so the materials may be shared nationally in order to enhance scholarship and the conduct of research.

POPULATIONS SERVED BY LIBRARY LITERACY PROGRAMS

Mr. Stokes: What populations are served by the Library Literacy Program? Is this program reaching the homeless? How is it coordinated with the Department's other literacy programs?

Mr. Cross: We have identified 14 discrete populations, in addition to the general population, served by the Library Literacy Program: the homeless, Native American Indian tribes, learning disabled, visually impaired, hearing impaired, inmates of correctional institutions, adults who speak English as a second language, workforce, intergenerational (family), mentally disabled, older adults, migrant workers, rural adults, and the homebound. The offices throughout the Department charged with responsibility for administering literacy programs share information and communicate routinely in their effort to address the Nation's need to eliminate illiteracy.

ACCESS TO PUBLIC LIBRARY SERVICES

Mr. Stokes: Your justification states that "evaluations have shown that access to the services of public libraries is almost universal in the United States today, compared to a 56 percent level of access in 1956 when the program began." How are you defining "access"? Is the ability to read a part of "access" as you define it? Which evaluations are you referring to? The justification goes on to say that "those who do not have access to public library services live either in remote areas or in areas that have chosen not to support public libraries." What areas have chosen not to support public libraries? And shouldn't we continue to promote access to libraries in remote areas?

Mr. Cross: We define access in terms of the availability of library facilities and services to the general public. The access data appeared in a 1981 program evaluation completed by Applied Management Sciences, Inc. We do not believe there is a Federal responsibility to provide library services in those localities choosing not to use tax revenues for public libraries.

LIBRARY ACCESSIBILITY TO THE HANDICAPPED

Mr. Stokes: What portion of construction funds are used to provide physically handicapped persons with access to libraries? To what extent are public libraries now accessible to the handicapped?

Mr. Cross: According to State annual reports about 20 percent of LSCA II funds are used to provide access to disabled persons. We have no national data on the extent to which public libraries are now accessible to the handicapped.

LIBRARY RESEARCH AND DEMONSTRATIONS

Mr. Stokes: The Training and Demonstrations program is currently supporting 5 field-initiated research grants and the request would enable you to continue supporting 5 grants. How many grant applications do you receive from researchers in the field?

Mr. Cross: In 1989 we received 41 proposals and 45 in 1990.

LIBRARY CAREER TRAINING

Mr. Stokes: You indicate that a large number of women and persons from minority groups have been recipients of fellowships from your training programs. To what extent are women and minorities represented in library careers? What percentage of the total number of fellowships went to women and minorities in FY 1989?

Mr. Cross: According to a report by the American Library Association in 1987, women occupied 75 percent of library career positions. Minorities were represented as follows: 0.2 percent were Alaskan Native/American Indian; 3.4 percent Asian/Pacific Islander; 6.1 percent black; and 1.8 percent Hispanic. In 1988, the latest year for which data are available, 22 of the 25 recipients (88 percent) of fellowships were awarded to women and 12 of the 25 (48 percent) were awarded to minorities.

COLLEGE LIBRARY TECHNOLOGY

Mr. Stokes: Are historically black colleges and universities participating in the College Library Technology program?

Mr. Cross: Five applications were received from historically black colleges and universities in 1989; however, none was funded.

LIBRARY SERVICES FOR TARGET GROUPS

Mr. Early: Last year the Department told us that "low-income readers and non-readers as well as many handicapped individuals are still in need of quality library programs." In fact, the Administration requested $91 million in FY 90 for Title I (Library Services) for local library projects aimed specifically at economically disadvantaged or handicapped persons. Has this problem been eradicated, or does the Administration no longer believe that this is a problem for the Federal Government?

Mr. Cross: Last year, the Administration did not request funds for LSCA Title I, Public Library Services. However, we did request $91 million for Title I of our proposed legislation, the Library Services Improvement Act, which specifically targeted the Federal dollar for these populations. Our justification then, as now, for zero funding of LSCA Title I is that, based on the States' own reports to us, only about one-quarter of the Title I funds are used for these special populations. In times of fiscal restraint, the library dollar needs to be targeted. Current legislation appears to have evolved into a general assistance program.

LIBRARY LITERACY PROGRAMS

Mr. Early: How many adults will be provided tutoring and other literacy services during FY 90? How many volunteers will be trained as tutors to provide literacy instruction during FY 90? How many librarians will receive training to provide library services to new readers during FY 90? How will the administration's proposed increase of $3,000,000 for fiscal year 1991 affect the number of people who are served under this program?

Mr. Cross: Based on results of projects that ended in December 1987, we project that over 50,000 adults will benefit and that over 18,000 tutors and 4,000 librarians will be trained to assist in the effort in FY 1990. With an increase of $3 million in FY 1991, we expect to award about 25 percent more grants and serve over 76,000 adults. We want the increase in library literacy programs because it would be supportive of the national goal that, by the year 2000, every adult American will be literate and possess the skills necessary to compete in a global economy and exercise the rights and responsibilities of citizenship.

PUBLIC LIBRARY USE OF NEW TECHNOLOGIES

Mr. Dwyer: The Department has requested a 4.2 percent increase for the Interlibrary Cooperation program. This program is used to support projects that link two or more types of libraries through networking, resource sharing, and other cooperative activities. What efforts has the Department made to review the technologies currently in place at our public libraries? Are our libraries keeping pace with technological advances?

Mr. Cross: The NCES Federal-State Cooperative System for Public Library Data does not collect information on technologies currently in place in public libraries. We are aware, however, that libraries are working to expand their capabilities to share materials through State and regional library networks. According to a recent Online Computer Library Center (OCLC) equipment survey, 92 percent of all public libraries had computers; 60 percent had at least one compact disk product; and 53 percent own or lease fax machines.

LITERACY TRAINING FOR THE HOMELESS

Mr. Dwyer: Yesterday, the committee heard testimony from the Office of Vocational and Adult Education about literacy training for the homeless becoming a gathering place for homeless individuals in many communities. To what extent does the Library Literacy program interact with the Homeless Adult Literacy program?

Mr. Cross: The staffs of both programs are quite familiar with each other's work and meet on issues of mutual concern.

USE OF PUBLIC LIBRARY SERVICES FUNDS

Mr. Hoyer: The justification indicates that approximately one quarter of the funds provided under this account are used to provide services to the economically and otherwise disadvantaged, like the blind and the elderly. Are you confident that these numbers reflect reality?

Mr. Cross: These figures were drawn from 1988 reports submitted to us by the State Library Administrative Agencies and apply only to the Public Library Services program.

Mr. Hoyer: Do you have useful information on the uses of the remaining funds?

Mr. Cross: According to State reports, the remainder was used as follows:

33 percent for areas with inadequate services;
21 percent for strengthening State library agencies;
7 percent for metropolitan urban resource libraries;
4 percent for administration; and
10 percent for miscellaneous categories.

Mr. Hoyer: What will happen to the services that are provided to the blind, the elderly and others if the Congress follows the President's budget request and does not fund this program?

Mr. Cross: The Federal portion of all funding for public libraries represents only about 1.4 percent. The lion's share of the support for library services comes from State and local governments and private contributions. Since nearly all libraries provide services for special populations routinely, we would expect that these services would continue.

EFFECT OF LIBRARY REQUEST ON THE PUBLIC

Mr. Hoyer: I strongly support library services, including interlibrary loan, research libraries, and library-based illiteracy programs. The Department maintains or increases funds for these programs. Could these programs be described as serving the "higher end of the market" at the same time that the Administration wants to eliminate programs that make libraries more accessible to the majority of library users and would-be users?

Mr. Cross: If anything, interlibrary loans, research libraries, and library-based literacy programs enhance access to libraries and information for all citizens by equalizing opportunity. The first two programs are especially beneficial to those living in rural or remote areas where information sources are limited. For example, a scholar conducting research or a lay person seeking everyday or avocational information can tap resources available in libraries at sites thousands of miles away via computer terminal. The many networking and bibliographic system allow citizens to access all types of information.

JUSTIFICATION OF THE BUDGET ESTIMATES

DEPARTMENT OF EDUCATION

Libraries

Fiscal Year 1991 Budget Request — **Page No.**

Appropriation language.. Q-1

Explanation of language changes............................... Q-1

Language analysis... Q-2

Amounts available for obligation.............................. Q-3

Budget authority by activity.................................. Q-4

Budget authority by object.................................... Q-5

Summary of changes.. Q-6

Authorizing legislation....................................... Q-7

Table of estimates and appropriations......................... Q-8

Justification:

Account summary... Q-9

Activities:
1. Public library services.................................... Q-10
2. Public library construction................................ Q-12
3. Interlibrary cooperation................................... Q-14
4. Library literacy programs.................................. Q-16
5. Training and demonstrations................................ Q-18
6. Research libraries... Q-20
7. College library technology................................. Q-22

State tables.. Q-24

LIBRARIES

For carrying out, to the extent not otherwise provided, titles [I, II,] 1/ III, IV, and VI of the Library Services and Construction Act (20 U.S.C. ch. 16), and title II of the Higher Education Act, [$136,646,000 of which $18,900,000 shall be used to carry out the provisions of title II of the Library Services and Construction Act which shall remain available until expended.] 1/ $39,062,000. (Department of Education Appropriations Act, 1990; additional authorizing legislation pending for $28,737,000.)

Explanation of Language Changes

1/ Language is deleted because funds are not requested for the Public library services and Public library construction programs.

Libraries

Language Analysis

Language Provision	Explanation
[...of which $18,900,000 shall be used to carry out the provisions of title II of the Library Services and Construction Act which shall remain available until expended.]	This language specifies the amount to be used for public library construction and makes the funds available beyond fiscal year 1990 until they are expended.

Libraries

Amounts Available for Obligation

	1989	1990	1991
Appropriation....................	$137,200,000	$136,646,000	$39,062,000
Recovery of prior-year obligations..................	14,000	—	—
Unobligated balance, start of year............................	13,671,000	8,721,000	—
Unobligated balance, end of year............................	-8,721,000	—	—
Unobligated balance lapsing......	-340,000	—	—
Total obligations.....	141,824,000 1/	145,367,000	39,062,000 2/

1/ Excludes $60,000 in reimbursements from audit debt.
2/ The 1991 request is based, in part, on pending legislation.

Libraries

Budget Authority by Activity

	1989 Appropriation	1990 Appropriation	1991 Request
1. Public library services:			
(a) State grants.............	$79,389,000	$80,855,000	—
(b) Indian and native Hawaiian set-aside.....	1,620,000	1,650,000	—
Subtotal...........	81,009,000	82,505,000	—
2. Public library construction:			
(a) State grants............	21,878,000	18,522,000	—
(b) Indian and native Hawaiian set-aside....	446,000	378,000	—
Subtotal..........	22,324,000	18,900,000	—
3. Interlibrary cooperation:			
(a) State grants............	18,720,000	19,160,000	$19,965,000 1/
(b) Indian and native Hawaiian set-aside....	382,000	391,000	407,000 1/
Subtotal..........	19,102,000	19,551,000	20,372,000 1/
4. Library literacy programs....	4,730,000	5,365,000	8,365,000 1/
5. Training and demonstrations:			
(a) Library career training.	400,000	570,000	570,000
(b) Library research and demonstrations........	309,000	285,000	285,000
Subtotal..........	709,000	855,000	855,000
6. Research libraries...........	5,675,000	5,738,000	5,738,000
7. College library technology...	3,651,000	3,732,000	3,732,000
Total.............	137,200,000	136,646,000	39,062,000

1/ Based on pending legislation

Libraries

Budget Authority by Object

	1989 Appropriation	1990 Appropriation	1991 Request
Other services:			
Project contracts............	$346,000	—	—
Grants, subsidies, and contributions................	136,854,000	$136,646,000	$39,062,000
Total...........	137,200,000	136,646,000	39,062,000

Libraries

Summary of Changes

1990 Appropriation	$136,646,000
(Obligations)	(145,367,000)
1991 Request	39,062,000
(Obligations)	(39,062,000)
Net Change	-97,584,000
Obligations	(-106,305,000)

	1990 base	Change from base
Increases:		
Program:		
1. Increase for Interlibrary cooperation program is to help meet increased costs	$19,551,000	+$821,000
2. Increase for Library literacy programs is for expanding literacy training in public libraries	5,365,000	+3,000,000
Subtotal		+3,821,000
Decreases:		
Program:		
1. No funds are requested for the Public library services program because funds are not focused in areas of greatest need	82,505,000	-82,505,000
2. No funds are requested for the Public library construction program because there is no longer a need for Federal assistance in this area	18,900,000	-18,900,000
(Obligations)	(27,621,000)	(-27,621,000)
Subtotal		-101,405,000
Net change		-97,584,000

Libraries

Authorizing Legislation

Activity	1990 Authorized	1990 Appropriation	1991 Authorized	1991 Request
Public library services (LSCA I).................	$95,000,000	$82,505,000	($100,000,000) 1/	—
Public library construction (LSCA II)...........	50,000,000	18,900,000	(55,000,000) 1/	—
Interlibrary cooperation (LSCA III).............	30,000,000	19,551,000	(35,000,000) 1/	$20,372,000
Library literacy programs (LSCA VI).............	5,000,000	5,365,000	(10,000,000) 1/	8,365,000
Training and demonstrations (HEA II-B)..........	Indefinite	855,000	Indefinite	855,000
Research libraries (HEA II-C)...................	Indefinite	5,738,000	Indefinite	5,738,000
College library technology (HEA II-D)...........	Indefinite	3,732,000	Indefinite	3,732,000
Unfunded authorizations:				
Foreign language materials acquisition (LSCA V)..	1,000,000	—	(1,000,000) 1/	—
College library resources (HEA II-A)............	Indefinite	—	Indefinite	—
Total definite authorization......	181,000,000		1/	
Total appropriation...............		136,646,000		39,062,000

1/ The GEPA extension expires September 30, 1990. New authorizing legislation is pending.

Note: LSCA, Title IV, mandates set-asides of 1.5 percent for Indian tribes and 0.5 percent for Hawaiian natives, to be taken from the total amount appropriated for each of LSCA Titles I, II, and III.

Libraries

Table of Estimates and Appropriations

	Budget Estimate to Congress	House Allowance	Senate Allowance	Appropriation 1/
1982	$58,117,000	$83,667,000	$80,500,000	$80,080,000
1983	—	130,080,000	130,320,000	130,320,000
1984	—	88,800,000	83,400,0000	86,880,000
1985	—	86,880,000	150,000,000	125,000,000
1986	—	123,680,000	130,000,000	127,500,000
1986 Sequester				-5,483,000
1986 Proposed Rescission	-33,017,000	—	—	—
1987	—	130,000,000	132,500,000	132,500,000
1987 Proposed Rescission	-34,500,000	—	—	—
1988	—	144,500,000	136,600,000	135,089,000
1989	76,000,000	142,644,000	135,089,0000	137,200,000
1990	137,200,000	114,876,000	143,612,000	136,646,000
1991	39,062,000 2/			

1/ Reflects enacted supplementals, rescissions and reappropriations in amounts appropriated prior to fiscal year 1985.

2/ The 1991 request is based, in part, on pending legislation.

Libraries

Account Summary

	1989 Appropriation	1990 Appropriation	1991 Request
1. Public library services:			
(a) State grants.............	$79,389,000	$80,855,000	—
(b) Indian/Hawaiian set-aside	1,620,000	1,650,000	—
Subtotal........	81,009,000	82,505,000	—
2. Public library construction:			
(a) State grants.............	21,878,000	18,522,000	—
(b) Indian/Hawaiian set-aside	446,000	378,000	—
Subtotal........	22,324,000	18,900,000	—
3. Interlibrary cooperation:			
(a) State grants.............	18,720,000	19,160,000	$19,965,000 1/
(b) Indian/Hawaiian set-aside	382,000	391,000	407,000 1/
Subtotal........	19,102,000	19,551,000	20,372,000 1/
4. Library literacy programs....	4,730,000	5,365,000	8,365,000 1/
5. Training and demonstrations..	709,000	855,000	855,000
6. Research libraries...........	5,675,000	5,738,000	5,738,000
7. College library technology...	3,651,000	3,732,000	3,732,000
Total.............	137,200,000	136,646,000	39,062,000

1/ Request for these programs is based on pending legislation.

The fiscal year 1991 budget request for Libraries is $39,062,000, a decrease of $97,584,000 below the appropriation for 1990. The request includes no funds for activities for which Federal support is no longer necessary or warranted; provides a major increase to help address a recognized and critical national need, i.e., increasing the literacy skills of the many American adults who are illiterate; and increases funding for resource sharing, the most efficient means of making more materials available to more people.

Libraries

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1. Public library services
(Library Services and Construction Act, Title I)

1991 Authorization: ($100,000,000) 1/

Budget Authority:

	1990 Appropriation	1991 Request	Increase or Decrease
State grants.........	$80,855,000	---	-$80,855,000
Set-aside 2/.........	1,650,000	---	-1,650,000
Total.............	82,505,000	---	-82,505,000

1/ Authorization based on pending legislation.
2/ P.L. 98-480 mandates set-asides of 1.5 percent for Indian tribes and 0.5 percent for Hawaiian natives.

Purpose and Method of Operation

The purposes of this program are to:

- extend and improve public library services in areas that are without services or in which services are inadequate;
- improve and strengthen library administrative agencies;
- make library services more accessible to persons who by reason of distance, residence, physical handicap, or other disadvantages are unable to receive public library services; and
- strengthen major urban resource libraries.

Funds for this program are distributed to State libraries through a formula based on total resident population, but with a $200,000 minimum for the 50 States, D.C., and Puerto Rico, and a $40,000 minimum for the other outlying areas. The State and local matching requirements range from 33 percent to 66 percent, with States providing matching funds in proportion to their per capita income. The legislation provides that, when the appropriation exceeds $60 million, the additional funds be distributed by the States to support and expand major urban resource libraries.

Pending legislation would amend, among other things, the program priority areas to include intergenerational library programs, mobile library services to child-care providers, and model library literacy centers.

This is a current-funded program for which funds are available from October 1 to September 30. The level of funding is dependent upon the availability of appropriations.

Libraries

1. Public library services

Accomplishments

This program, along with the Public Library Construction program, has been instrumental in extending access to the services of public libraries to all segments of the Nation's population. It was initially created to provide seed money to help States extend public library services to largely unserved rural populations and was later expanded to include services for other underserved groups, including urban poor, elderly, limited English-proficient, handicapped, and State-institutionalized persons. Evaluations have shown that access to the services of public libraries is almost universal in the United States today, compared to a 56 percent level of access in 1956 when the program began. Those who do not have access to public library services live either in remote areas or in areas that have chosen not to support public libraries.

Data from the fiscal year 1987 annual reports (the latest year for which data have been compiled) from the States indicate that only about one-quarter of the funds made available under this program support services for the handicapped and disadvantaged. Reports reflect that the following percentages of funds are spent on services for the groups identified: blind and other handicapped, 7 percent; economically disadvantaged, 5 percent; limited English-proficient, 4 percent; illiterate, 4 percent; State institutionalized, 3 percent; and elderly, 1 percent. About 20 percent of the funds are used for strengthening State library administrative agencies.

1991 Budget Proposal

No funds are requested in fiscal year 1991 for this program. The Department believes that no funding is required for this program because general assistance is no longer necessary to increase access to public library services. Access is now at the highest level deemed practicable, and Federal support is not needed for strengthening State library administrative agencies when nearly every State now has a program of State aid for public libraries. The pending reauthorization legislation would only expand the long list of program purposes, failing to provide a focus on improving services to those with the greatest needs.

Impact Data (Estimated)	1989	1990	1991
Number of projects supported....	1,913	1,948	—

2. Public library construction
(Library Services and Construction Act, Title II)

1991 Authorization: ($55,000,000) 1/

Budget Authority:

	1990 Appropriation	1991 Request	Increase or Decrease
State grants........	$18,522,000	—	-$18,522,000
Set-aside 2/........	378,000	—	-378,000
Total.............	18,900,000	—	-18,900,000
(Obligations).....	(27,621,000)	(—)	(-27,621,000)

1/ Authorization based on pending legislation.
2/ P.L. 98-480 mandates set-asides of 1.5 percent for Indian tribes and 0.5 percent for Hawaiian natives.

Purpose and Method of Operation

The purpose of this program is to ensure that facilities are available for the provision of local public library services. States may approve projects for the construction of new buildings, for the acquisition, expansion, remodeling, and alteration of existing buildings (including architects' fees and the cost of the acquisition of land), and for the initial equipment of such buildings.

Funds appropriated for this program remain available until expended and are distributed to States according to a formula based on total resident population, but with a minimum of $100,000 for the 50 States, D.C., and Puerto Rico, and a minimum of $20,000 for the other outlying areas. State and local matching requirements are based on per capita income and range from 50 percent to 66 percent of the total project costs. The Federal share of the cost of each individual project cannot exceed half of the total cost of the project.

Pending legislation would expand the scope of this program by authorizing support for the purchase, lease, and installation of equipment for use in public libraries.

This is a current-funded program for which funds are available from October 1 until expended. The level of funding is dependent upon the availability of appropriations.

Accomplishments

The Public Library Construction program, first funded in fiscal year 1965, was created to complement the Public Library Services program for providing access to the services of public libraries in both urban and rural areas. This program has helped support about 3,000 construction projects with Federal funds totalling $350 million. Projects have been located in cities and towns of all sizes and have played an important role in increasing access to public library services, access which is now almost universal.

Accomplishments--Continued

Recent State library annual reports show that funds for this program were used at the local level in the following general categories: 50 percent for remodeling to conserve energy, to provide access to the handicapped, and to accommodate the use of new technology; 25 percent for the construction of new buildings; and 25 percent for public library additions, acquisition costs, land purchases, and architectural fees.

1991 Budget Proposal

No funds are requested for this program in fiscal year 1991. This program and the Public Library Services program have helped States extend access to the services of public libraries to nearly all citizens. Pending legislation would expand the authority of the States to use funds under this program not only for equipment associated with new or expanded library facilities, but also for the purchase, lease, and installation of other library equipment, calling into question the need for a continuing Federal role in the area of public library construction.

Impact Data (Estimated)	1989	1990	1991
Number of projects supported....	378	320	---

3. Interlibrary cooperation
(Library Services and Construction Act, Title III)

1991 Authorization: ($35,000,000) 1/

Budget Authority:

	1990 Appropriation	1991 Request	Increase or Decrease
State grants........	$19,160,000	$19,965,000	+$805,000
Set-aside 2/........	391,000	407,000	+16,000
Total.............	19,551,000	20,372,000	+821,000

1/ Authorization based on pending legislation.
2/ P.L. 98-480 mandates set-asides of 1.5 percent for Indian tribes and 0.5 percent for Hawaiian natives.

Purpose and Method of Operation

The purpose of this program is to improve the efficiency and effectiveness of the Nation's library services. Funds are used by States to stimulate interlibrary cooperation and resource sharing among all types of libraries: school libraries, academic libraries, public libraries, and special libraries.

Awards for this program are made to State libraries according to a formula based on total resident population, but with a minimum of $40,000 for the 50 States, D.C., and Puerto Rico, and a $10,000 minimum for the other outlying areas. Matching funds are not required.

This is a current-funded program for which funds are available from October 1 to September 30. The level of funding is dependent upon the availability of appropriations.

Accomplishments

Interlibrary cooperation and loans between library systems were uncommon prior to the initiation of this Federal program in fiscal year 1967. Using the MARC (machine readable cataloging) format as a standard, State library agencies have used Federal funds to create statewide databases of bibliographic holdings by making subgrants to various types of libraries to convert their catalogs to machine-readable records. States have updated and upgraded their entries and added new libraries, as well as different types of materials, to their databases. Most States have access to OCLC (Online Computer Library Center) directly, or have access to OCLC through various regional bibliographic service networks. States have also engaged the services of consultants in networking to assist them in developing both long-range and short-term programs for local and statewide library automation and resource sharing. In addition, new methods of storing and disseminating bibliographic data, of delivering library materials, and of transmitting documents and information were explored by a number of States with funds from this program.

Libraries

3. Interlibrary cooperation

1991 Budget Proposal

An increase of 4.2 percent is requested in 1991 for this program to help meet increased costs. Funds would be used to continue support for projects that link two or more types of libraries through networking, resource sharing projects, or other cooperative activities.

In contrast to the other two State formula grant programs in this account, Public Library Services and Public Library Construction, which have for all practical purposes met their objectives of extending access to the services of public libraries to nearly every person in the Nation, the Interlibrary Cooperation program warrants continued Federal support. Resource sharing among libraries is in a constant state of flux due to ongoing technological changes. Although libraries may already be linked electronically, expanding their capabilities to share materials requires the acquisition of new equipment or obtaining access to regional or national, computerized bibliographic databases. Further interlibrary cooperation would result in better library services to the Nation's academic and research communities, as well as to the general public, and should be supported with continued Federal funding.

Impact Data (Estimated)	1989	1990	1991
Number of projects supported....	476	488	488

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4. Library literacy programs
   (Library Services and Construction Act, Title VI)

1991 Authorization: ($10,000,000) 1/

Budget Authority:

1990 Appropriation	1991 Request	Increase or Decrease
$5,365,000	$8,365,000	+$3,000,000

1/ Authorization based on pending legislation.

Purpose and Method of Operation

The purpose of this program is to promote literacy training programs in the Nation's public libraries to combat the problem of illiteracy among adults.

This program provides funds for competitive grants to local public libraries and to State library administrative agencies. Grants, which by law may not exceed $25,000, are to be used by State library administrative agencies for coordinating and planning library literacy programs and making arrangements for training librarians and volunteers to carry out such programs. Grants to local public libraries are for (1) promoting the use of the voluntary services of individuals, agencies, and organizations in providing literacy programs, (2) acquisition of materials for literacy programs, and (3) using library facilities for such programs. Pending legislation would increase the maximum grant award size to $35,000.

This is a current-funded program for which funds are available from October 1 to September 30. The level of funding is dependent upon the availability of appropriations.

Accomplishments

In fiscal year 1989, this program provided for tutoring or other literacy services for about 25,000 adults. Also, about 15,000 volunteers were trained as tutors to provide literacy instruction, and about 5,000 librarians received training to provide library services to adult new readers. In well over half of the projects funded by this program, the library is the community's primary provider of literacy services. In these projects, the library either established a literacy program where none existed or served as the primary contact for seeing that literacy services, information, and referrals were provided to the public. Many projects also help libraries to acquire the basic reading materials for adults and the tutor support materials necessary for literacy instruction programs.

Libraries

4. Library literacy programs

1991 Budget Proposal

An increase of $3 million is requested to help address the critical problem of illiteracy in our Nation. With an increase in the maximum grant amount to $35,000, applicants are expected to propose projects that are larger in scope than those supported in previous years, thus facilitating the provision of literacy training to more of those wanting assistance. As in the past, funds will be awarded primarily to assist in promoting volunteerism, acquiring materials, and using public library facilities for literacy projects. The impact data shown below are estimated on the assumption that the maximum award will be increased to $35,000 effective in fiscal year 1991.

Impact Data (Estimated)	1989	1990	1991
Number of projects supported:			
At the State level.......	16	20	25
In local libraries.......	198	223	250

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5. Training and demonstrations
(Higher Education Act, Title II, Part B)

1991 Authorization: Indefinite

Budget Authority:

1990 Appropriation	1991 Request	Increase or Decrease
$855,000	$855,000	---

Purpose and Method of Operation

The Library Career Training and the Library Research and Demonstrations programs are authorized jointly under Title II, Part B, of the Higher Education Act.

The Library Career Training program is a discretionary grant program that provides assistance to institutions of higher education and library organizations or agencies to train or retrain individuals for service in all types of libraries and information centers. This program provides training opportunities for professionals and paraprofessionals in library and information services through fellowships, traineeships, and institutes. The objectives are to increase opportunities for minorities and disadvantaged groups; to assist minorities and women in obtaining the skills necessary for their professional advancement; and to provide opportunities for people already in the profession to upgrade their skills or to learn new techniques of information transfer and communication technology.

The Library Research and Demonstrations program encourages efficiency in providing library and information services by demonstrating the applicability of technology to library services, and the potential for new kinds of cooperative activities among libraries. The program also demonstrates ways to improve services to specialized library users who have been bypassed by the traditional systems. Discretionary grants and contracts are awarded to support research and demonstration projects to improve libraries and information technologies, and to disseminate the results of these projects.

These are both current-funded programs for which funds are available from October 1 to September 30. The level of funding is dependent upon the availability of appropriations.

Accomplishments

The Library Career Training program has provided over $50 million to help secure for the Nation's libraries qualified persons to manage library resources wisely. These funds provided over 4,000 fellowships at various degree levels, including doctoral, to help personnel attain both entry-level and higher level librarian positions. A large number of women and persons from minority population groups have been fellowship recipients. In 1989,

Libraries

5. Training and demonstrations

Accomplishments--Continued

funds supported 10 doctoral and 12 master's fellowships. The funds have also been used to provide inservice training to many librarians to help them in such areas as using technological innovations, serving disadvantaged persons, and becoming information referral specialists. Four inservice training institutes were supported in 1989, providing training to 190 participants.

Library Research and Demonstration projects have been supported with Federal funds since the program began in 1967. Several projects have been successful locally, and others have had national impact, such as the series of projects that contributed to the development and improvement of the first nationwide bibliographic data base, the Online Computer Library Center (OCLC). Specific projects in 1989 included one in the area of library materials collection management, "Age Analysis of Public Library Collections;" another involves the development of a prototype system to assist library users in accessing bibliographic information in the biological sciences more efficiently; and another will demonstrate the benefits to be derived from the use of hypermedia, which are interactive electronic programs to teach students how to do research in specific subject areas.

1991 Budget Proposal

The Department requests level funding for the Training and Demonstrations activity in fiscal year 1991. This amount would provide support for the same number of fellowships and inservice training institutes as supported in 1990, as well as the same number of research projects.

Impact Data (Estimated)	1989	1990	1991
Library Career Training:			
Number of fellowships.............	22	32	32
Number of inservice trainees......	190	200	200
Library Research and Demonstrations:			
Number of field-initiated research grants.................	5	5	5

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6. Research libraries
(Higher Education Act, Title II, Part C)

1991 Authorization: Indefinite

Budget Authority:

1990 Appropriation	1991 Request	Increase or Decrease
$5,738,000	$5,738,000	---

Purpose and Method of Operation

The purpose of this discretionary grant program is to strengthen major research library collections, both private and public, and to make these collections available to individual researchers, scholars, and to other libraries. The major objectives are the following:

- -- to promote inter-institutional cooperation;
- -- to assist research libraries in acquiring distinctive, unique, and specialized resource materials;
- -- to preserve unique materials; and
- -- to increase access to research materials.

This is a current-funded program for which funds are available from October 1 to September 30. The level of funding is dependent upon the availability of appropriations.

Accomplishments

The Research Libraries program was first funded in 1978. To date, over 100 research libraries have each received at least one grant or subgrant to be used for collection development, networking and interlibrary loans, preservation of unique and endangered materials, or adding materials to the database. Most of the libraries involved have received more than one grant or subgrant.

In 1989, this program awarded 32 grants, some of which involved more than one major research library in the project; this resulted in 47 participating libraries benefiting from the program. Among the projects funded in 1989 was one to assist the Folger Shakespeare Library in Washington to acquire theatrical promptbooks and manuscripts related to Shakespearean and Elizabethan drama and political, social, and ecclesiastical history of England and Colonial America. Another was a continuation of a 1988 grant to Indiana University which is working in cooperation with several other colleges and universities to convert their bibliographic records for printed music into machine-readable format for entry into two national databases.

Libraries

6. Research libraries

1991 Budget Proposal

Level funding at $5,738,000 is requested for Research Libraries in 1991. Experience over the last several years shows that about 80 percent of these funds support projects designed to increase access to research materials, 18 percent is used for preservation of materials, and only about 2 percent is used for the purchase of unique materials for collection development. Increasing access to unique materials via a library other than the one housing the materials contributes significantly to the conduct of research in our Nation.

Impact Data (Estimated)	1989	1990	1991
Number of major research libraries assisted.........	47	48	48

7. College library technology
(Higher Education Act, Title II, Part D)

1991 Authorization: Indefinite

Budget Authority:

1990 Appropriation	1991 Request	Increase or Decrease
$3,732,000	$3,732,000	---

Purpose and Method of Operation

The College Library Technology program supports competitive grants for the purchase of technological equipment and for other special purposes designed to encourage the use of technology and expand library resource sharing among institutions of higher education.

Four types of grants are authorized, as follows:

Networking--grants to individual institutions of higher education for the purchase of technological equipment;

Combination--grants to consortia of institutions of higher education for assistance with joint-use facilities, resources or equipment;

Services to Institutions--grants to public and private nonprofit organizations to improve their library and information services to institutions of higher education; and

Research and Demonstration--grants to institutions of higher education for research and demonstration projects to meet special national or regional needs in using technology to enhance library or information sciences.

All four types of grants are to be funded each year, and the law mandates a minimum award of $15,000 per grant.

This is a current-funded program for which funds are available from October 1 to September 30. The level of funding is dependent upon the availability of appropriations.

Accomplishments

The 52 grants awarded in fiscal year 1989 are expected to benefit directly about 325 universities, colleges, and community colleges, and will benefit indirectly the hundreds of members of about 21 local, regional, and national networks. One of these grants was awarded to Georgetown University for the

Accomplishments--Continued

establishment of a network for electronic interlibrary exchange and resource sharing among four academic health science center libraries. The Network of Alabama Academic Libraries received a "combination" grant to purchase telefacsimile equipment for a statewide cooperative collection program designed to assess collections and correct existing deficiencies in the member institution libraries. An example of the "services to institutions" grants is one awarded to the Pittsburgh Regional Library Center designed to extend its microcomputer and OCLC training programs to member libraries of colleges in Pennsylvania and Western Maryland. Finally, a "research and demonstration" grant was awarded to Eastern Oregon State College to demonstrate that affordable information service can be provided to distant and remote college populations through an existing regional computer/telefacsimile network which uses interactive online database searching.

1991 Budget Proposal

Level funding at $3,732,000 is requested for College Library Technology in 1991. The first grants for this program were awarded during fiscal year 1988, with the project period beginning on October 1, 1988. This program is assisting colleges and universities with the purchase of state-of-the-art equipment to be used primarily to increase participation in national library networking. Some institutions are joining networks for the first time, while others are joining additional networks or expanding their capacity for sharing library resources. Funds would support the same number of grants supported in 1990.

Impact Data (Estimated)	1989	1990	1991
Total number of awards........	52	49	49
Number of new awards........	47	45	45
Amount (000).............	$3,317	$3,432	$3,432
Number of continuations.....	5	4	4
Amount (000).............	$334	$300	$300

Libraries

Public Library Services 1/

State or Outlying Area	1989 Appropriation	1990 Appropriation	1991 Request
TOTAL	$81,009,000	$82,505,000	—
Alabama	1,336,799	1,356,242	—
Alaska	346,172	347,701	—
Arizona	1,142,739	1,183,455	—
Arkansas	864,873	875,086	—
California	7,902,002	8,180,949	—
Colorado	1,117,681	1,130,462	—
Connecticut	1,094,015	1,111,295	—
Delaware	379,304	386,036	—
Florida	3,547,474	3,676,902	—
Georgia	1,932,345	1,987,638	—
Hawaii	501,532	509,496	—
Idaho	477,866	482,719	—
Illinois	3,424,690	3,473,672	—
Indiana	1,739,955	1,766,086	—
Iowa	989,049	998,828	—
Kansas	889,374	903,273	—
Kentucky	1,237,681	1,250,540	—
Louisiana	1,442,043	1,442,496	—
Maine	530,488	539,657	—
Maryland	1,462,646	1,502,817	—
Massachusetts	1,830,164	1,859,950	—
Michigan	2,761,487	2,804,506	—
Minnesota	1,382,182	1,414,027	—
Mississippi	930,859	938,507	—
Missouri	1,620,790	1,649,109	—
Montana	425,244	426,908	—
Nebraska	643,805	651,560	—
Nevada	480,371	497,094	—
New Hampshire	494,293	505,832	—
New Jersey	2,336,058	2,376,341	—
New Mexico	617,634	624,782	—
New York	5,162,881	5,248,062	—
North Carolina	1,985,524	2,029,073	—
North Dakota	387,100	388,009	—
Ohio	3,202,508	3,259,730	—

Libraries

Public Library Services 1/

State or Outlying Area	1989 Appropriation	1990 Appropriation	1991 Request
Oklahoma	1,110,998	1,113,832	—
Oregon	958,423	979,942	—
Pennsylvania	3,523,251	3,582,757	—
Rhode Island	474,525	479,900	—
South Carolina	1,153,597	1,178,099	—
South Dakota	397,402	400,975	—
Tennessee	1,551,741	1,579,768	—
Texas	4,874,436	4,947,022	—
Utah	667,750	676,365	—
Vermont	352,576	357,003	—
Virginia	1,843,807	1,895,466	—
Washington	1,463,481	1,510,145	—
West Virginia	728,168	728,794	—
Wisconsin	1,538,377	1,568,493	—
Wyoming	336,427	335,017	—
District of Columbia	373,179	373,916	—
Puerto Rico	1,110,442	1,121,724	—
American Samoa	49,828	49,950	—
Guam	73,355	73,768	—
N. Mariana Islands	45,179	45,243	—
Virgin Islands	69,930	70,301	—
Federated States of Micronesia	45,533	—	—
Marshall Islands	19,249	—	—
Republic of Palau	7,538	7,580	—
Mandated set-aside for Indian tribes and native Hawaiians	1,620,180	1,650,100	—

1/ Distributed with a basic amount of $200,000 to each of the 50 States, D.C., and Puerto Rico and $40,000 to each Outlying Area; the remainder distributed on the basis of provisional total resident population as of 1987 for FY 1989 and as of 1988 for FY 1990.

Libraries

Public Library Construction 1/

State or Outlying Area	1989 Appropriation	1990 Appropriation	1991 Request
TOTAL	$22,324,000	$18,900,000	—
Alabama	373,959	317,788	—
Alaska	135,226	127,820	—
Arizona	327,192	285,242	—
Arkansas	260,229	227,158	—
California	1,956,117	1,603,286	—
Colorado	321,153	275,261	—
Connecticut	315,450	271,651	—
Delaware	143,211	135,042	—
Florida	906,713	754,907	—
Georgia	517,480	436,718	—
Hawaii	172,667	158,297	—
Idaho	166,963	153,253	—
Illinois	877,123	716,627	—
Indiana	471,116	394,987	—
Iowa	290,154	250,467	—
Kansas	266,133	232,468	—
Kentucky	350,072	297,879	—
Louisiana	399,322	334,036	—
Maine	179,645	163,978	—
Maryland	404,287	345,398	—
Massachusetts	492,856	412,667	—
Michigan	717,297	590,583	—
Minnesota	384,896	328,673	—
Mississippi	276,131	239,105	—
Missouri	442,398	372,953	—
Montana	154,282	142,740	—
Nebraska	206,953	185,056	—
Nevada	167,567	155,960	—
New Hampshire	170,922	157,606	—
New Jersey	614,772	509,934	—
New Mexico	200,646	180,012	—
New York	1,296,012	1,050,850	—
North Carolina	530,296	444,523	—
North Dakota	145,089	135,413	—
Ohio	823,579	676,329	—

Libraries

Public Library Construction 1/

State or Outlying Area	1989 Appropriation	1990 Appropriation	1991 Request
Oklahoma	319,543	272,129	---
Oregon	282,773	246,909	---
Pennsylvania	900,875	737,174	---
Rhode Island	166,158	152,722	---
South Carolina	329,809	284,234	---
South Dakota	147,572	137,856	---
Tennessee	425,758	359,892	---
Texas	1,226,499	994,146	---
Utah	212,724	189,728	---
Vermont	136,769	129,573	---
Virginia	496,143	419,357	---
Washington	404,488	346,778	---
West Virginia	227,284	199,603	---
Wisconsin	422,537	357,768	---
Wyoming	132,878	125,432	---
District of Columbia	141,735	132,759	---
Puerto Rico	319,409	273,615	---
American Samoa	22,369	21,874	---
Guam	28,038	26,361	---
N. Mariana Islands	21,248	20,988	---
Virgin Islands	27,213	25,708	---
Federated States of Micronesia	17,498	---	---
Marshall Islands	7,396	---	---
Republic of Palau	2,896	2,727	---
Mandated set-aside for Indian tribes and native Hawaiians	446,480	378,000	---

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1/ Distributed with a basic amount of $100,000 to each of the 50 States, D.C., and Puerto Rico and $20,000 to each Outlying Area; the remainder distributed on the basis of provisional total resident population as of 1987 for FY 1989 and as of 1988 for FY 1990.

Libraries

Interlibrary Cooperation 1/

State or Outlying Area	1989 Appropriation	1990 Appropriation	1991 Request
TOTAL	$19,102,000	$19,551,000	$20,372,000
Alabama	314,164	320,280	333,516
Alaska	75,253	75,803	77,494
Arizona	267,362	278,396	289,653
Arkansas	200,349	203,645	211,373
California	1,897,510	1,974,635	2,065,989
Colorado	261,319	265,550	276,201
Connecticut	255,612	260,904	271,335
Delaware	83,243	85,096	87,226
Florida	847,318	882,824	922,622
Georgia	457,794	473,335	493,797
Hawaii	112,721	115,024	118,567
Idaho	107,014	108,533	111,769
Illinois	817,706	833,560	871,032
Indiana	411,395	419,630	437,556
Iowa	230,297	233,641	242,785
Kansas	206,258	210,478	218,528
Kentucky	290,260	294,658	306,683
Louisiana	339,546	341,189	355,411
Maine	119,704	122,335	126,223
Maryland	344,515	355,811	370,724
Massachusetts	433,150	442,383	461,383
Michigan	657,760	671,349	701,162
Minnesota	325,110	334,288	348,184
Mississippi	216,263	219,019	227,472
Missouri	382,655	391,274	407,861
Montana	94,323	95,004	97,601
Nebraska	147,034	149,461	154,630
Nevada	107,618	112,018	115,418
New Hampshire	110,975	114,136	117,636
New Jersey	555,158	567,559	592,471
New Mexico	140,722	142,970	147,832
New York	1,236,910	1,263,684	1,321,466
North Carolina	470,619	483,379	504,316
North Dakota	85,123	85,575	87,727
Ohio	764,122	781,699	816,722

Libraries

Interlibrary Cooperation 1/

State or Outlying Area	1989 Appropriation	1990 Appropriation	1991 Request
Oklahoma	259,708	261,519	271,979
Oregon	222,911	229,063	237,991
Pennsylvania	841,476	860,003	898,723
Rhode Island	106,208	107,850	111,053
South Carolina	269,981	277,098	288,293
South Dakota	87,608	88,718	91,018
Tennessee	366,003	374,465	390,258
Texas	1,167,345	1,190,709	1,245,046
Utah	152,808	155,474	160,927
Vermont	76,797	78,059	79,856
Virginia	436,441	450,992	470,399
Washington	344,717	357,588	372,584
West Virginia	167,379	168,183	174,236
Wisconsin	362,780	371,732	387,396
Wyoming	72,902	72,729	74,275
District of Columbia	81,766	82,158	84,149
Puerto Rico	259,573	263,432	273,983
American Samoa	12,370	12,412	12,526
Guam	18,044	18,186	18,572
N. Mariana Islands	11,249	11,271	11,331
Virgin Islands	17,218	17,345	17,692
Federated States of Micronesia	11,203	---	---
Marshall Islands	4,736	---	---
Republic of Palau	1,855	1,869	1,908
Mandated set-aside for Indian tribes and native Hawaiians	382,040	391,020	407,440

1/ Distributed with a basic amount of $40,000 to each of the 50 States, D.C., and Puerto Rico and $10,000 to each Outlying Area; the remainder distributed on the basis of provisional total resident population as of 1987 for FY 1989 and as of 1988 for both FY 1990 and FY 1991.

THURSDAY, MARCH 1, 1990.

DEPARTMENTAL MANAGEMENT

WITNESSES

CHARLES E.M. KOLB, DEPUTY UNDER SECRETARY FOR PLANNING, BUDGET AND EVALUATION

WILLIAM L. SMITH, ACTING ASSISTANT SECRETARY FOR CIVIL RIGHTS

JAMES B. THOMAS, JR., INSPECTOR GENERAL

SALLY H. CHRISTENSEN, DIRECTOR, BUDGET SERVICE, OFFICE OF PLANNING, BUDGET AND EVALUATION

THOMAS P. SKELLY, DIRECTOR, BUDGET SYSTEMS DIVISION, BUDGET SERVICE, OFFICE OF PLANNING, BUDGET AND EVALUATION

Mr. NATCHER. At this time, we take up the budget request for the fiscal year 1991 for program administration, Office of Inspector General, and Office of Civil Rights.

We have before the committee Mr. Charles Kolb; and Mr. Kolb, tell us who you have with you there at the table.

Mr. KOLB. Thank you, Mr. Chairman. I am delighted to be here with you this afternoon.

With me at the table are our Inspector General, James B. Thomas, Jr.; our Acting Assistant Secretary for the Office for Civil Rights, Bill Smith, I think you know; and, of course, Sally Christensen, the Director of our Budget Service needs no introduction; and Thomas Skelly from the Budget Systems Staff is with us today.

Mr. NATCHER. All statements will be placed in the record in their entirety, and if it meets with your approval, we will go right to the questions.

Mr. KOLB. We will be delighted.

[The information follows:]

DEPARTMENT OF EDUCATION

Statement by

Charles E.M. Kolb
Deputy Under Secretary for Planning, Budget and Evaluation

on

Departmental Management

Mr. Chairman and Members of the Committee:

I am pleased to appear before you to present the 1991 budget request for Departmental Management.

Overview

The Education Department administers over 200 Federal education programs that affect every level of education, from pre-school through graduate studies, with a budget totaling over $24.6 billion. Managing these programs effectively in 1991 will require a total of $331 million for Program Administration. In addition, the 1991 budget request for Departmental Management includes $49.9 million for the Office for Civil Rights and $25.8 million for the Office of the Inspector General. The total request of $406.7 million for the three accounts is $65.7 million, or 19 percent, over the 1990 level.

The requested increase for our salaries and expenses is not an exaggerated statement of our need; nor is our request a "bare-bones" budget. It is the amount we believe is needed to ensure effective stewardship over our resources. We deal with some very large responsibilities--such as the Guaranteed Student Loans program $50 billion loan portfolio--with what have been very limited administrative resources. We are not going to stop all loan defaults and program abuses with this request, but we believe we can make a significant impact and do a better job by upgrading our computer systems, increasing reviews of schools and lenders, providing more consumer and counseling information to students, and helping schools with default management plans.

We hear constantly from our Inspector General as well as from people in the General Accounting Office, OMB, and many of the committees here in Congress, that we need to monitor programs more, increase accountability for the use of our funds, and improve our systems of internal control. Moreover, greater accountability is one of the themes stressed by the Bush Administration to improve education in America. Our entire industrial enterprise must be held accountable for better outcomes--and that includes starting with ourselves in the Department.

We share the Congress' concern about our ability to effectively monitor Department programs, particularly Student Aid programs. Our request reflects our belief that more on-site monitoring of grantees will help to ensure more program and financial accountability and will improve educational services through the technical assistance and training provided to grantees.

Another area that we want to improve is the delivery of services in our large Student Aid programs where we deal with over 10 million students a year who want to know about our programs, who apply for student aid, and who are repaying loans. Just to maintain the current level of services will require increases this year. We also will be taking steps to make it easier for needy students in particular to apply for Federal student aid by providing to all students a free application form. We will also print a comprehensive Student Aid Guide to the Federal Student Aid programs for use by students and parents who need assistance in meeting college costs. This Guide lists the Federal Student Aid programs, their requirements, and where to get help in applying for financial aid.

We had postponed many of these activities in the past because of limited resources. In fact, appropriations over the last 10 years have not kept up with inflation. Indeed, when converted to constant dollars, the 1991 request is really 4 percent, or $12 million, less than what we had in 1981. But even ignoring inflation, when viewed from the perspective of our increased programmatic responsibilities--responsibilities that Congress has asked us to carry out--our salaries and expenses appropriations have been vastly inadequate. In 1981, the first full year of the Department, the appropriation for Departmental Management was $288 million to administer 150 programs. Now there are over 200 programs and the 1991 request of $407 million is comparable to only $276 million in constant dollars. To illustrate how our responsibilities have increased, the cumulative balance of GSL loans in 1981 was $18 billion, and loan default costs were $230 million. Now we have a $50 billion portfolio of loans outstanding, and defaults cost us $1.8 billion in 1989. The number of Student Aid applicants and recipients has also grown considerably since 1981. This is clearly a good thing. But our full-time equivalent employment level is way down, about 35 percent, and that helps to explain why we spend more on computer costs and processing contracts.

For 1991, we are proposing a total employment level of 4,735 full-time equivalents (FTE), an increase of 100 FTE above 1990. Included in the Department's FTE total are 3,495 for Program Administration, 820 for the Office for Civil Rights, and 360 for the Inspector General. Also included are 50 FTE funded by the Indian Education account in the Interior Department's appropriations, and another 10 FTE supported by program funds.

This increase in personnel is necessary to provide additional program monitoring, technical assistance and Student Aid program reviews, investigate complaints filed with the Office for Civil Rights, increase the number of audits and investigations by the Inspector General, and ensure the integrity and accountability of the Department's financial systems.

Program Administration

For Program Administration, the requested $331 million is an increase of $57.7 million, or 21 percent, above 1990. The major factors that contribute to this increase include:

- the continued growth in the number of complex programs requiring additional staff;
- a need for more resources for program monitoring as recommended by the Office of Management and Budget, the General Accounting Office, the Department's Inspector General, and the staff of various congressional committees;
- increased effort focusing on the loan default reduction initiative--to stem the $1.8 billion annual cost of defaulted student loans;
- the costs of providing and processing Pell Grant applications and administering other Student Aid programs; and
- financial management systems improvements for better accountability of resources.

Of the $13.3 million increase for salaries and benefits--which is 23 percent of the total requested increase--$10.5 million is for proposed employee pay raises, an extra paid day in 1991, and the increased costs of health and retirement benefits. The remaining $2.8 million increase for salaries and benefits is for the cost of 58 additional FTE.

Since the Department's inception, the number of programs has grown from approximately 150 to over 200. In recent years, Congress has passed legislation establishing dozens of new programs, such as Math-Science Education, Magnet Schools, Drug-Free Schools, and Dropout Prevention Demonstrations. Additional new programs funded in 1990 include Secondary Schools Basic Skills Demonstrations, Business-Education Partnerships, and Grants for Exemplary Programs for Homeless Children and Youth. These programs, as well as the ongoing Student Aid programs--which award more money, serve more students, and involve more schools, lenders and institutions than in previous years--require additional Federal staff to administer and monitor.

An additional $29.3 million, or nearly 51 percent of the requested increase, is for ADP services that were postponed or curtailed in prior years because of funding shortages, and for costs associated with the Student Aid programs. Over 60 percent of the ADP increase, or $17.8 million, is required to administer Student Aid programs, and is primarily for contracts emphasizing improved services and increased fiscal accountability. An estimated $12 million of this increase is for Pell Grant processing and support, including $7 million to provide a free Federal aid application form to students. Other increases for Student Aid activities include $2.3 million for administering the GSL and Perkins Loans programs and $400,000 for administering campus-based programs. The remaining $3.1 million is largely for quality control studies to identify problems in the GSL program, development of the National Student Loan Data System, and implementation of the default reduction initiatives.

While the Department's financial and accounting systems have improved over the past few years, there are still several problems that need to be resolved to address the criticisms noted in recent reports by the Department's Inspector General and the General Accounting Office. We currently have accounting systems tying all of our financial information together, but they need overhaul, new hardware, and better support. Approximately $10.3 million of the $29.3 million increase in ADP services will be devoted to improved accountability in this area. For example, we are requesting $6 million to upgrade and partially replace the four minicomputers that run the systems for accounting, grants and contracts, and budget control. Replacement of existing hardware is both necessary and overdue. With the minicomputers operating at full capacity, serious problems with downtime and accessibility occurred at the end of fiscal year 1989.

We are also requesting $2 million to improve the reliability of financial accounting information received by the accounting system from the Department's 23 financial feeder systems. For example, data from the separate GSL and Pell Grant systems are fed into the accounting system, but problems can occur in the transmission of data so that the systems do not report the same data. In addition, we plan to replace the 10-year old system which provides cash payments to grant recipients. To do this will require nearly $2.3 million.

Another $9 million, or 16 percent of the increase, is for printing a more comprehensive Student Aid Guide; for travel to conduct audits and program reviews to increase accountability of grant recipients; and for contracts to provide toll-free Student Aid information, increase accountability through evaluations of programs, and collect data needed to analyze reauthorization issues.

The remaining 10 percent of the increase includes cost increases for mail, interagency agreements for administrative and financial services, building renovations to correct problems with environmental systems and work space, and purchase of systems furniture, supplies, and office automation equipment.

Office for Civil Rights

For the Office for Civil Rights, the requested $49.9 million and 820 FTE is an increase of $5.3 million above the 1990 budget, and 18 FTE above expected usage in 1990.

Of the requested increase of $5.3 million, $2 million is for proposed employee pay raises and other salary increases, the extra paid day in 1991, and increases in employee retirement and other benefits costs. Another $836,000 is for the cost of an additional 18 FTE in 1991.

Although OCR's 1990 employment ceiling is 820 FTE, we do not expect FTE usage to rise above 802 FTE due to budget constraints. For 1991, an increase of 18 FTE above the 1990 usage level is necessary to provide resources to several areas of OCR operations. For example, additional FTE will be focused on increased technical assistance to grant recipients, additional follow-up monitoring of compliance reviews and complaint investigations, and expanded compliance reviews--both in the number conducted and the complexity--to strengthen civil rights enforcement.

With regard to compliance reviews, the additional staff will be able to conduct reviews of systemic discrimination, such as school admission standards, and reviews that embrace multiple issues and areas in civil rights law that have not been addressed recently by compliance reviews. Such reviews are currently being conducted at Harvard University and the University of California at Los Angeles (UCLA). These complex reviews of 3 undergraduate and 42 graduate programs, each with its own admissions procedures and criteria, involve alleged discrimination in college admissions of Asian-American students. Initial plans in 1991 provide for a substantial increase in the number of Title VI (race, color, and national origin) reviews to be undertaken. The additional resources also will enable OCR to conduct follow-up reviews to those now being undertaken at Harvard University and UCLA.

Another $1.3 million of the total increase in funds is for additional ADP equipment and services. This will allow OCR to purchase much needed microcomputers, primarily in the regions, to replace its current, antiquated inventory. The additional funds will enable funding of on-going surveys such as the Elementary and Secondary Civil Rights Survey--postponed from 1990 due to budget constraints--which will provide data to assist in selecting compliance review sites. In addition, requested funds will be used to implement a new data collection information system which will collect and record all case-related data.

The remaining $1.2 million of the increase is for a variety of costs, including travel to enable OCR to conduct compliance reviews and complaint investigations and to provide technical assistance and follow-up monitoring of reviews and investigations; training of regional staff; and for other areas of the budget such as printing of technical assistance materials, contract support for litigation services, interagency agreements for administrative services, and supplies.

Office of the Inspector General

For the Office of the Inspector General, a total budget of $25.8 million is requested, supporting 360 FTE--an increase of $2.7 million above the 1990 budget and 30 FTE above the expected usage in 1990.

Personnel compensation and benefits account for 81 percent, or $2.2 million, of the total requested increase. Over $600,000 of this increase is for proposed employee pay raises and other salary increases, the extra paid day in 1991, and increases in employee retirement costs and other employee benefits. Another $1.5 million of this increase represents the cost of the additional 30 FTE in 1991. The 1991 increase in dollars and personnel is necessary to expand our efforts to identify causes of Student Financial Aid problems and potential solutions, as well as to audit and investigate those alleged to be misusing Federal Student Aid funds.

Included in the total increase is $350,000, to initiate a pilot project in which the OIG will contract directly with independent certified public accountants to perform mandated non-Federal audits of participating schools' Student Financial Aid funds. This would make the auditors directly accountable to OIG. Currently, auditors of Student Financial Aid funds are hired by the participating schools and are primarily accountable to those schools.

Mr. Chairman, in conclusion, I would ask that you and the members of this Committee act favorably on our Departmental Management request. The resources we are requesting today are essential to our effective stewardship over the resources appropriated to the Department of Education. Accountability is vital: the American taxpayers want to know more than whether we simply spent their dollars; they want to know that we spent them wisely and effectively.

Thank you, Mr. Chairman. I will be happy to respond to any questions you may have.

DEPARTMENT OF EDUCATION

Biographical Sketch

NAME : Charles E.M. Kolb

POSITION : Deputy Under Secretary for Planning, Budget and Evaluation

BIRTHPLACE AND DATE : Salisbury, Maryland - November 6, 1950

EDUCATION : Princeton University, 1973, A.B. Balliol College, Oxford University, 1975, B.A.; 1980, M.A. University of Virginia, 1978, J.D..

EXPERIENCE

9/88 - present : Deputy Under Secretary for Planning, Budget, and Evaluation, U.S. Department of Education

1/86 - 9/88 : Deputy General Counsel for Regulations and Legislation, U.S. Department of Education

6/83 - 1/86 : Assistant General Counsel, Office of Management and Budget

7/82 - 6/83 : Associate, Foreman & Dyess, Washington, D.C.

10/79 - 7/82 : Associate, Covington & Burling, Washington, D.C.

8/78 - 8/79 : Law Clerk to the Honorable Joseph H. Young, United States District Judge, U.S. Courthouse, Baltimore, Maryland

HUGE INCREASE IN ADMINISTRATIVE FUNDS

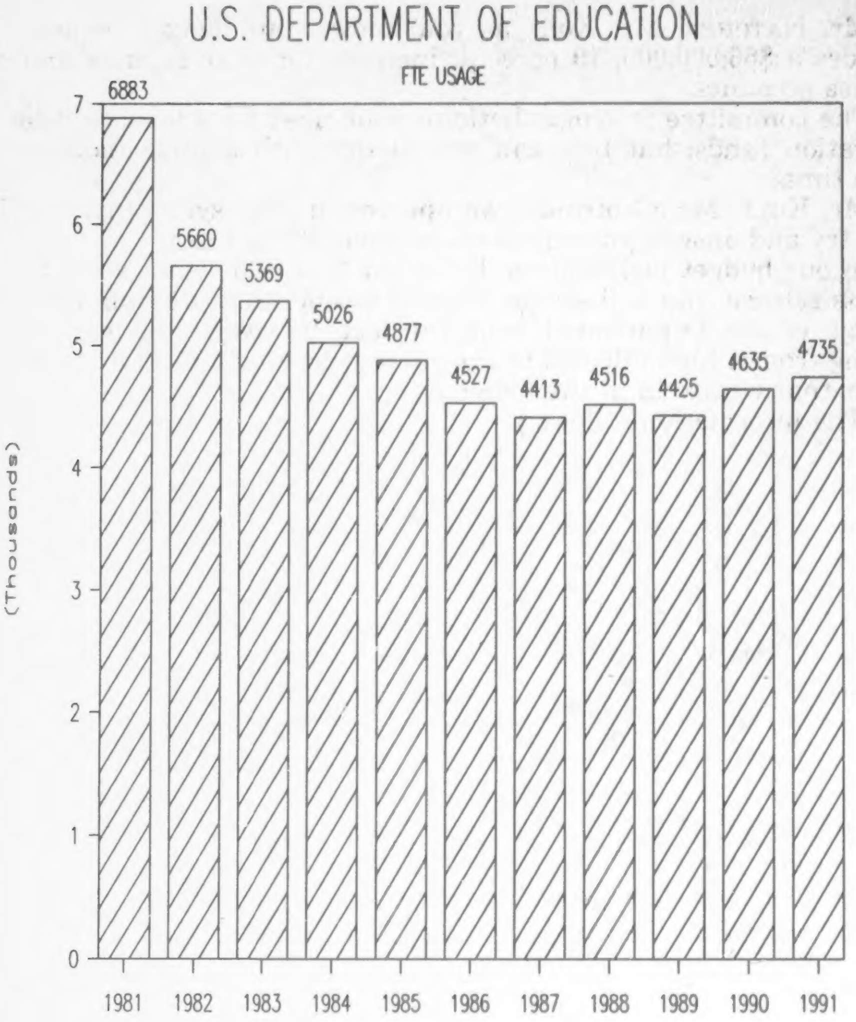
Mr. NATCHER. Mr. Kolb, as you know, your budget request includes a $66,000,000, 19 percent, increase for your salaries and expense accounts.

The committee is sympathetic to your need for adequate Administration funds, but how can you justify such a huge increase at one time?

Mr. KOLB. Mr. Chairman, we appreciate your sympathy, and let me try and answer your question as candidly as I can.

In our budget justification document this year, what we call our press release, you will see on Page 66 a table that presents the FTE usage of the Department over the last 10 years, and you see it going from a high of 6,883 to the current level of 4,635 for the fiscal year that we are in at the moment.

[The information follows:]


U.S. DEPARTMENT OF EDUCATION
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Mr. KOLB. What that table tells one, when you add to it the history of the Department's programs over the last year, is that I think we have been pretty successful so far in managing to extract a quart out of a pint pot.

What I mean by that is that earlier in the decade, we started with about 150 programs, and we had the block grants come along in the early 1980s that got us down to 120 programs.

But now we are back to over 200 programs, 208 programs, and the rationale for the 19 percent increase in departmental management is really to help us do the job in administering these programs and in providing to the country the best services that we can.

If you look at the programs, those 208 programs, they have become increasingly complex. Programs such as the student aid programs have required additional support, not only in people, in FTE, but also in dollars for things like automated data processing and computer support, so that we can process and monitor the student financial aid programs, get the checks out on time, and get the very important student aid to the students.

Mr. Thomas will tell you this afternoon that he has a very desperate need for additional staff to carry out some of the monitoring activities that can assure you, the Members of Congress and the President and the Secretary, that these programs are being carried out with integrity as well as efficiency.

You will hear from my colleague, Bill Smith, this afternoon, who will explain the need in areas such as civil rights enforcement and monitoring, compliance, technical assistance.

So I think the real answer to your question, Mr. Chairman, is that we see as part of our stewardship responsibility the need to assure the taxpayer, of course, that we have spent their money.

But I think more importantly, to assure you that we spent it wisely and effectively; and, of course, that is a theme that President Bush and Secretary Cavazos have been stressing during the last year and that is accountability.

Accountability for outcomes in terms of quality education, but also accountability at home in terms of delivering these services.

You know as well as I do that the press, during the last year, has had a lot of stories of other departments in the Federal Government, and also in local government, where there have been some real questions about effective stewardship. And we don't want that to happen in the Department of Education.

And therefore, our request, I think it's a sound request, and we will work with you and provide whatever level of detail you need in terms of justifying this.

But we need it. This is the level necessary to assure effective stewardship over our program. I don't know if my colleagues would want to elaborate on that at this point.

DEPARTMENT STAFF INCREASE

Mr. NATCHER. Despite this large increase in dollars, Mr. Kolb, the department is proposing a quite small increase in staff. As you know, the full-time employee increase is only 100 positions. Does the 1991 budget proposal include enough staff to handle the responsibilities of the agencies?

Mr. KOLB. I think the answer to that question is "yes." As you will note from the chart that I referred to, we have gone from a low of a little over 4,400 FTE up to the current request of 4,735 FTE for fiscal year 1991.

I think that if you look at the breakdown of the additional staff, some of which would go to the Inspector General, to Civil Rights, to postsecondary education, 10 extra to educational research and improvement, we have tried to target the FTE request to coincide with the priorities of the Department, particularly in the stewardship priorities that I mentioned.

Just take student aid, for example. We think we need to increase the program monitoring there; and, of course, we have 52 FTE out of that 100 that would go to program monitoring; not all in postsecondary education, but some in elementary and secondary and elsewhere.

But again, that is an area that I link up directly with this theme of accountability.

So I think we can get the job done, and I am pleased to say that in preparing this request and working with the Office of Management and Budget, they have been sympathetic to our needs, as well.

DEPARTMENT STAFF

Mr. NATCHER. How does your proposal for 1991 staffing level compare to the level when the Department was first created?

Mr. KOLB. We go back to that chart, Mr. Chairman, and you will see in 1981, about a year after the Department was created, we have a high of 6,883 FTE, and the request for 1991 is 4,735.

NEW PROGRAMS

Mr. NATCHER. How many new programs have been created within the last decade, just generally, Mr. Kolb? What would that figure be?

Mr. KOLB. Mr. Chairman, I think the answer there is approximately 80 some programs. It's about a 45 percent increase. The numbers change. We started out the decade with about 150 programs, dropped down to approximately 120 with the block grant, and we are now back up to about 208. We have had a number of programs, as you know, come up just within the last couple of years, such as the drug-related programs.

We can give you the list if you like. But you will see that our responsibilities have increased significantly over the last decade.

STAFF AND DOLLARS

Mr. NATCHER. Has the Office of Management and Budget given the Department increased flexibility in setting personnel levels within the dollar amounts being requested?

Mr. KOLB. I think the answer to that is "yes." Our relations with OMB, I think, over the last couple of years have been positive. They understand what our needs are; and, of course, we work with them in setting out the priorities.

I come from OMB. I started out there in my career in government, and I must say that, at least since I have been doing this job, it's been a pleasure working with them.

It's a very close relationship with them. We don't always agree, but I think they have been increasingly receptive to our requests in this area.

Sally or Tom, if you want to add to that.

Mr. SKELLY. Yes, Mr. Chairman, in the last two years, we have had increases in the FTE ceiling, following about an eight-year decline when the Administration was trying to reduce staffing for all domestic agencies, but especially in Education which at one point it tried to abolish as a Cabinet Agency.

So we are sort of on the upswing again, and we think our workload justifies that increase.

Mr. KOLB. To give you an example, I want to get back to your question about some of the new programs. We have had new programs for Magnet Schools, Math and Science, Drug-Free Schools, Income Contingent Loans, the FIRST program (i.e., Fund for the Improvement and Reform of Schools and Teaching), Dropouts, et cetera.

And 1990, the current fiscal year, also saw a number of new programs. So again, I think the responsibilities are placed on the Department, and we would very much like to work with you to ensure that the programs that you appropriate the funds for can be effectively monitored and administered.

ADDITIONAL STAFF

Mr. NATCHER. The committee has been advised that the Department had requested 200 more people when you submitted your original budget request. This, I believe, would add about $10,000,000.

Would it be a mistake if the subcommittee suggested in its report that you take some of the money increase, which is in the President's proposal, and use it to hire these additional 200 members for the—of the staff?

Mr. KOLB. If I understand your question, Mr. Chairman, it's that we would take money in our budget request for an additional 100 over the 100 that we are requesting now?

Mr. NATCHER. A total of 200 additional.

Mr. KOLB. Two hundred?

Mr. NATCHER. Yes.

Mr. KOLB. Mr. Chairman, I don't know that I can answer that question without sitting down and working with you on some of the other priorities. I hope perhaps, as we proceed through this hearing, that the answer to that question might emerge.

We certainly need the funds for staff. There is no question about that. We also need funds in other critical areas that complement the ability of the staff to get their work done, such as automated data processing.

We can have extra staff, for example, in the student aid programs, but if our computers break down or don't enable us to get the work out in time, then the students out there are the people who really suffer.

So what we have tried to do is put together a package in which the request for FTE and the request for other items, such as ADP, are very closely integrated.

SENIOR STAFF INCREASES

Mr. NATCHER. The personnel schedules show the number of senior level positions increasing substantially in 1990. This involves eight more executive level employees, 19 SES positions.

Why is there such a large increase at the top, Mr. Kolb?

Mr. KOLB. Mr. Chairman, the answer is a simple one. If you look at where we were last year, there were a lot of vacancies in those senior level positions in the Department, both at the Presidential appointee level and at the senior executive service level.

I do not believe that we have had any addition to the overall level of SES positions that we have; and, of course, the Presidential appointments are in every instance authorized by statute.

A year ago, we had filled about eight of them. Now we are pretty close to the full complement of 16. So again, this does not reflect any new positions, but simply filling the positions that have been authorized or allowed by the Office of Personnel Management.

COMPENSATION INCREASES

Mr. NATCHER. How much money is built into your 1991 request for pay increases, including the increase for top people?

Mr. KOLB. I think the answer is $1.2 million.

Mr. SKELLY. Mr. Chairman, I might clarify for the record that we have pay raises also for general schedule employees. The executives get approximately $1.4 million, and the pay raise costs for other employees is $5.9 million. So the total is about $7.2 million.

Mr. NATCHER. What is the total figure?

Mr. SKELLY. Approximately $7.2 million, for compensation costs.

INCREASE FOR CONTRACTS

Mr. NATCHER. Mr. Kolb, there are several increases identified in the object class schedule, which we should understand a little better.

First, tell us, if you will, why the Department's contracts budget will increase by almost 40 percent, including a $1.4 million increase in your own office.

Mr. KOLB. Mr. Chairman, I would like to ask Mr. Skelly to answer that question.

Mr. NATCHER. All right. Go right ahead.

Mr. SKELLY. We have those increases for a variety of reasons. In postsecondary education, we have an increase of approximately $2.5 million. Much of that increase is related to a toll-free information line, which students all across the country can call if they want to find out about our student aid programs. It's 1-800-333-INFO.

Other cost increases there include funds that we are using to analyze the multiple data entry centers. These are contracts which help us to assist students in applying for the program.

We also have small increases to help us in debt collection. For example, we have a contract that will enable us to do a better job at filing the records of students who have defaulted on loans, so that we can follow up on them and make sure that we collect on the defaults.

In the Office of Planning, Budget and Evaluation, we have an increase of approximately $1.4 million, largely for studies, or evaluations, of our existing programs, to see if we can do a better job with those programs.

We would like to make sure that the taxpayers are getting a good bang for the buck that we are putting into our programs. By spending this additional $1.4 million, we will be able to determine if the programs are doing a good job.

For example, we are doing an evaluation of the income contingent loan program. We are doing some studies about why certain students choose to go into particular areas of graduate education. We are going to do a follow-up on the default initiative to see if that has been working well in both reducing the numbers of defaults as well as increasing the collections we receive.

CONSULTANT SERVICES

Mr. NATCHER. The budget distribution indicates that $3,545,000 of your contracts increases is for consultants. Are all of these funds awarded competitively?

Mr. SKELLY. Yes, sir, Mr. Chairman. They go through the competitive process.

Mr. NATCHER. If the number of Federal staff were increased, could you cut down on contracting costs?

Mr. SKELLY. There is a possibility, Mr. Chairman, that if we had a significant increase in staff, such as the 200 FTE that you mentioned earlier, that we would have less need for consulting service contracts.

But there are occasions where the consulting contracts are actually more efficient than the employees. With employees, we incur a long-term liability to pay for their retirement cost and leave and other things.

With contractors, even though we do pay an overhead expense, we can often get the work done for a smaller price. So we like to make sure that whatever mix we have, it's the most efficient mix between staff and contract help.

PRINTING AND TRAVEL INCREASES

Mr. NATCHER. As you know, there is also a 50 percent $3,000,000 increase for printing, and $1.6 million or 30 percent increase for travel. What about these two items, Mr. Kolb?

Mr. KOLB. Let me take the printing first.

One of the most important roles of the Federal Department of Education, I believe, is dissemination; and that helps us provide the type of service that I think we need in terms of making our programs effective.

Let me give you one example. We have over the last few years published something called the *Student Guide*, which is an explanation of how our financial aid grant and loan programs work. We have gotten a number of compliments on this document, and in fact, I believe the Office of Postsecondary Education received an award for the quality of this publication.

Some might say this is a Cadillac type guide, and in essence, it is. It is very well done, but it's also very well received.

Because of the tightness in our printing budget this year, we had to reduce substantially the size and format of this document. I think we managed to save all of the content, but again, this is an example where we are trying to provide the best possible service with the limited resources that we have. We think we can do more and that we can do it better. And so we have asked for this additional printing money which will assist us in disseminating things like the *Student Guide*.

On travel, I think that it's fair to say that a lot of that money is going to assist us in our monitoring and evaluation activities around the country. Our Inspector General can tell you that he has additional needs for travel, just in terms of the responsibilities that he has to carry out around the country.

We have 10 regional offices, and in those regional offices we carry out responsibilities that are, of course, related to the mission of the home office. But to do that effectively, we need to send people on the road from time to time.

And again, I think that we have worked this through very carefully. It is not a Cadillac budget, I might say, in terms of travel and printing. But I do think it allows us to provide the best possible service we can.

Mr. SKELLY. The largest single increase in travel, accounting for over $600,000, approximately one-third of the increase, is for the Office of Postsecondary Education, which would allow the employees to go out and visit the individual schools and lenders involved in the student aid programs.

We have heard from GAO and the IG and many staff people here in Congress that we are not doing a good enough job getting out to those individual schools to make sure they are running the student aid programs correctly.

If we are not there monitoring those programs, then they tend to have higher incidences of defaults. There are other kinds of abuses which the IG could catalog for you. We simply have to do a better job of program reviews in the student aid area, and this budget would certainly help us do that.

MAIL INCREASE

Mr. NATCHER. The other very large increase is in postage, which goes up by $1.9 million or about a third.

What can you tell us about this additional cost?

Mr. SKELLY. Postage goes up for three reasons. One reason is that we will be sending out this larger and heavier STUDENT GUIDE next year to students, so it's going to cost us more in postage costs to mail this than it does to mail this 12-page slimmed down version.

Also, in the student aid program, we are going to be sending out information to students to help them be consumers. We are going to send out information on proprietary schools and other schools to let them know the relative default rates of those schools and the success those schools have in placing their students after they finish. So default collection efforts will cause our printing budget to go up.

A third factor is that the Postal Service has told us that based on surveys they have done in the Department, we are actually mailing more things out than they thought we had previously, and they are just trying to balance out the books.

COSTS FOR STUDENT GUIDE

Mr. NATCHER. What does a guide book cost to produce?

Mr. SKELLY. This guide book, the nice one cost approximately $2.4 million to produce in 1989.

Mr. NATCHER. And then to distribute it, what would the distribution cost be?

Mr. SKELLY. The mailing cost I could estimate for you—it's about 7,000,000 copies times maybe 25 cents.

Mr. NATCHER. What was your guess?

Mr. SKELLY. About $250,000.

Mr. THOMAS. No, no, no.——

Mr. SKELLY. We send these out in bulk, and it would be—

Mr. KOLB. Tom thinks it's about 25 cents a copy, but we will get you a precise figure for the record.

[The information follows:]

"STUDENT GUIDE" MAILING COSTS

To mail out the *Student Guide* in 1989, it cost $651,000 in postage and contractual labor costs. In 1991, to mail out a *Student Guide* comparable to the one provided in 1989, it would cost about $800,000.

Ms. CHRISTENSEN. Mr. Chairman, I would just make one comment.

We call this the Cadillac guide book, but the real reason is that these programs are so complicated, and it's the disadvantaged student who has such a problem getting through the maze of programs. And this particular book that we have spent a lot of time developing helps those students to understand the whole process better, and what is available to them, and how to go about getting the grants and loans.

As Mr. Kolb pointed out, we can put the same information in this other shorter version book. But it's not going to be nearly as understandable as the way we can do it in the nicer book. So that is the bottom line, I think, to let the disadvantaged student have access to information on these programs.

Mr. NATCHER. Do you have to send this student aid guide book out every year?

Mr. KOLB. In theory, no. One of the problems, though, Mr. Chairman, to be quite frank about it is that, over the years, these programs have grown increasingly complex and therefore we have, I think, an obligation to make sure that it's up to date every year.

For example, there have been a number of marginal changes throughout the years in things like eligibility for these programs, and we need to make sure that the book that goes out every year is up to date so that students are not actually misled.

Again, we think that is an important consumer-related obligation and service that we can provide. So I think that though we don't restart—we don't redo—all this book from scratch every year, we do make an effort to make sure that it's current.

And, of course, if there are no changes in the programs, or changes that would not affect eligibility, then of course we would not need to change the book.

"STUDENT GUIDE" DISTRIBUTION

Mr. NATCHER. Mr. Kolb, do you have any evidence at all that the students or the members of the family use the guide book?

Mr. KOLB. I have heard from the Office of Postsecondary Education that this book is, in fact, very well received and widely distributed.

As I mentioned, the people who put the book together in the Office of Postsecondary Education did, in fact, receive an award for the quality of this book, and I would commend it to you, because I think it's written in clear English, and it's user friendly, I guess, as they say, and that is what we have intended it to be.

I will also point out that there have been a number of stories recently in the education press decrying the fact that we had to go from this green version to this shorter version. But again, we need to keep this service alive because it's an important program. Student Financial Assistance is almost half our budget, and because of its complexity and the fact that many of the programs are targeted on needy and disadvantaged students, we believe we have a firm obligation to keep this up.

Mr. NATCHER. Mr. Stokes, I yield to you.

Mr. STOKES. Thank you very much, Mr. Chairman.

Mr. Kolb, Mr. Smith.

Mr. KOLB. Good afternoon.

OCR REVIEW

Mr. STOKES. Last year I asked a number of questions related to the Office for Civil Rights, some of which were specifically related to criticisms leveled against it by the staff of the House Committee on Education and Labor.

Chairman Gus Hawkins called for a comprehensive review of the issues raised in the staff report, and I was told last year such a review would be done.

Can you tell us what is the status of this review?

Mr. SMITH. The review, Mr. Stokes, has been completed, and a copy of the outcome of that review has been submitted to the Chairman as of January 16th.

We had oversight hearings on the 28th of November, at which time I promised that I would have it for him on that date. And he has received it.

In addition, we are working with the General Accounting Office, who is looking at this management review and who will be doing a follow-up study of our organization.

I have a copy with me, which I had submitted, and if you would like, I would be more than pleased to submit it for the record to you, sir.

Mr. **Stokes**. I would appreciate that, Mr. Chairman, so we could have it made a part of the record.

Mr. **Natcher**. Yes.

[The information follows:]

OCR Review

OCR's response to the December 1988 Committee on Education and Labor staff report entitled "Investigation of the Civil Rights Enforcement Activities of the Office for Civil Rights, U.S. Department of Education" is too lengthy to be included in the record. However, a copy has been provided to the Subcommittee.

REPORT FINDINGS

Mr. **Stokes**. Can you just capsulize for us some of the findings?

Mr. **Smith**. There were, I think, a total of 24 major findings from the House Committee, plus 18 recommendations. We found that the House Committee's staff report had some credence in terms of the evidence that they had uncovered.

At the same time, we found that there were some misunderstandings and misinterpretations reflected in the findings, and we have attempted, where possible, to correct for the record those misinterpretations.

The biggest thing that we found was that we had a tremendous morale problem, that there were some misperceptions on our own staff's part with regard to what was expected and how we were doing our business.

I think that we are now in a position to say very safely that we have developed work groups to deal with every single one of the items that had been identified by the House Committee's report.

We have had, in addition to that, our own management review team go to every single region and, using the materials that have been developed by the House Committee, found those regional offices that did and did not have problems. We now have a management review report which we are submitting next week to the GAO that will identify each and every item.

The biggest thing, Mr. Stokes, focused on such things as whether or not we were meeting timeframes, whether or not in some of the instances within regions we were carrying out our obligation to identify in compliance reviews all of the issues.

And one of the real problems that I think we are addressing today is whether or not we had, during that period of time, all of the resources necessary to do all of the things that had to be done.

We are discovering, for example, that to do a compliance review is often a much more extensive and expensive venture than investigating complaints. And one of the things that we are presently confronted with is an inordinate number of complaints.

And so we are finding that we did not have at the time the study was made in 1988 the resources that were necessary to do all of the things. This budget will provide us in 1991 with many more resources that will allow us to be able to initiate and complete more complex compliance reviews, or at least conduct compliance reviews that we are not in a position to do at this time.

OCR PERSONNEL

Mr. **Stokes**. I notice you have just commented upon the number of complaints that the agency gets. From 1981 to the end of 1988, the Office for Civil Rights staffing level went from 1,099 down to 808, a decrease of 291. What is your current staffing level?

Mr. **Smith**. At this very moment, it's 833. We had been down to, by the end of the fiscal year 1989, about 783 or 790. The increase in complaints has been so inordinate that we have had, in fact, to ask for additional staff. A portion of the budget for fiscal year 1991 will allow us to increase our staff.

But right now, I am overselling, primarily because I need to hire staff in order to carry out the investigations for all of the complaints that are, in fact, before us.

Just this past quarter, this quarter alone, from the beginning of the new fiscal year, October through January, we had anywhere from a 15 to 25 percent increase in the number of complaints over last fiscal year, and an increase of almost seven-some percent over the year before, before the Restoration Act.

So that since the Congress passed the Civil Rights Restoration Act in 1988, we have had a continued increase in the number of complaints.

In the month of October alone, we had over 300 complaints which exceeded any number of complaints that we have had in a single month since 1981.

So what we are seeing is a pattern that is falling back to what it looked like in 1981. There are more and more complaints as a result of the Restoration Act, and, therefore, the Department and OMB have been wise enough to recognize that we need additional staff.

So we are moving upward now.

1991 FTE REQUEST

Mr. **Stokes**. What is your request for fiscal year 1991?

Mr. **Smith**. Actually it was 820, and we are already at 833, which means that the Department is going to have to recognize that we may need some additional help in handling that. And they have included in this budget an additional $600,000 or $700,000 that will allow us to pick up those FTE.

LAPSED FUNDS

Mr. **Stokes**. Now, in last year's hearing record we have a table showing a significant amount of funds were lapsed from the Office for Civil Rights appropriation, from fiscal year 1981 to fiscal year 1988. I know that some of these funds are required to lapse.

Was there a lapse of funds in fiscal year 1989? And do you anticipate a lapse of funds for fiscal year 1990?

Mr. **Smith**. I am pausing, and let me tell you why I am pausing.

Mr. **Stokes**. Okay.

Mr. **Smith**. You are correct, that there have been occasions where there were funds that were, in fact, allowed to lapse.

In fiscal year 1988, the total number of dollars that were lapsed was something like $82,000. That money on record showed $82,000, but during fiscal year 1989, those dollars were in fact spent because we had obligated costs that had not been taken care of, so that there was no lapse of funds in toto in fiscal year 1988.

In 1989, we received a supplemental, because we were in such dire straits. The record shows a sum of $400,000 that was on the books as of the end of the fiscal year.

At this very moment, there is only about $100,000 of that $400,000 that is left, and we still have bills for valid obligations that we are paying for fiscal year 1989.

So I can say to you unequivocably that in the last two years, any dollars that have been available have been spent. In fiscal year 1988 and in fiscal year 1989 we do not anticipate any lapsed funds.

As a matter of fact, I am worried about being too definite for fiscal year 1990 because I have some problems with regard to the number of dollars I have.

ASIAN AMERICAN STUDENTS

Mr. STOKES. Mr. Smith, what is the status of the two reviews regarding discrimination and college admissions of Asian American students?

Mr. SMITH. We have two. One at UCLA and one at Harvard.

I think it's safe for me to say that I expect within—and I am hedging, so Mr. Stokes, give me a little wiggle room—I think that we will be in a position to have a letter of finding, which may say there is a violation or may not be a violation, at the end of this month.

We should by the end of this month, or no later than the first or second week in April, be able to finish our Harvard review.

With regard to UCLA, there are three facets. We are looking at their graduate programs, and they have 89 graduate programs. We are looking at their undergraduate program, and have examined 17 individual undergraduate programs. And we are looking at their affirmative action program. As we received their data, we began to look at patterns to see whether or not that institution had patterns of consistency that might in fact reflect quotas.

I think I would have to say that the UCLA study in toto may take us a much longer time than anybody had anticipated, and at this moment, we are dealing with whether or not we might provide three letters of findings.

This has not yet been firmed up, but we may have to come out with a study on the graduate program, a study on the undergraduate program, and a subsequent study on the affirmative action program.

Those things are still moving, but I would have to say that the one that is closest to completion at this point is the graduate school.

The biggest problem we have between Harvard and UCLA is that Harvard's data, since we were only looking at their undergraduate program, was computerized and automated and therefore it became easier for us to handle.

I had a staff of people in UCLA last week in a basement going through 700 files to determine whether or not they acquired all of the information that is possibly available concerning a specific graduate program. The difficulty at UCLA is that it's such a mammoth decentralized system that we do not have data as clean as we had at Harvard, so it's taking us a longer period of time.

Mr. STOKES. Off the record for a moment.

[Discussion off the record.]

Mr. NATCHER. Thank you, Mr. Stokes. Go right ahead.

Mr. STOKES. I am finished.

Mr. NATCHER. Mr. Conte, I yield to you.

GAO REPORT

Mr. CONTE. Thank you Mr. Chairman.

The GAO, in its November of 1988 report, calls for the Secretary to take a stronger role in managing the elementary and secondary education programs. The report said that better financial and operational management systems are needed.

How has the Department responded to this report?

Mr. SKELLY. In a number of ways, Mr. Conte. The Department has planned for an increase in FTE and travel funds in elementary and secondary education which would enable the staff there to do a better job of monitoring the programs with onsite visits.

We have also budgeted funds to implement a new system for tracking the Impact Aid program, which will estimate both the amount of money that would go to local school districts and the amount of money they have used.

Those are probably the two biggest things we have done in that area.

BUILDING A BETTER AMERICA

Mr. CONTE. In the President's 1988 plan for "Building A Better America," his education objectives included recognizing and rewarding excellence in education, targeting Federal funds to help those most in need, promoting choice and flexibility, and for increasing accountability.

If we were to expect a stronger Federal leadership role as indicated in that GAO report, what progress has been made in each of these goals, and has any follow up been done?

Mr. SKELLY. In a number of areas the Department—the Administration—made progress towards those goals. Not necessarily in the order that you read those off, but I know the President has proposed several legislative initiatives that will target on excellence. They are included in the Educational Excellence Act, which has now passed the Senate.

It includes both Presidential Merit Schools and Magnet Schools of Excellence, of particular note.

On the accountability initiative, I think, our S&E request that's here before you today underscores the Administration's commitment to improve accountability for Federal resources. Both the increase in staff that we have requested and the increase in travel dollars will enable us to do a better job in making sure the programs are doing what they are supposed to do.

Mr. CONTE. Targeting Federal funds to help those most in need.

Mr. SKELLY. Thank you, Mr. Conte.

Targeting—we have done a particularly good job along with the help of the Congress which last year appropriated more money for Chapter 1 and Pell Grants. Those programs, in particular, are focused on the disadvantaged, and we are trying to do a very good job at making sure those funds get to the children that they are intended to serve.

Indeed, in the 1991 budget, again, there is increased funding for those programs serving the disadvantaged. We have between a 4 and 8 percent increase in Chapter 1. We again have proposed an increase in Pell Grants, and we have inflation increases or better in programs serving the handicapped and other disadvantaged students.

SECTION 511 REGULATION COMPLIANCE

Mr. CONTE. Section 511 in the 1990 Labor-HHS Appropriation bill says that when someone receives a Federal grant, that all statements about that grant shall mention the percentage of the total cost of the project that were funded with Federal money, the amount of Federal money awarded, amount of money for the project that came from non-Federal sources.

To what extent does is this regulation being complied with?

Mr. SKELLY. We require all grantees to comply with that. It's a requirement, and, to the best of my knowledge, all grant recipients comply with it.

We could check that for the record to make sure. I am not familiar with all the notices put out by grant recipients.

Mr. CONTE. Have you got any examples of that?

Mr. SKELLY. Not off the top of my head, but we do make grant awards to many thousands of institutions around the country, and I don't recall—I recall seeing press releases where the Department indicates how much money we provided to individual schools or districts, but I don't recall seeing anything from the schools. Maybe that is because we are locked in buildings here in Washington and don't get out.

Mr. CONTE. Well, I have never seen any. Send me some.

Mr. SKELLY. Okay. We will do that, Mr. Conte.

[The information follows:]

REGULATION COMPLIANCE

The following statement of disclosure of Federal funding in public announcements is included with all grants awarded by the Department of Education:

When issuing statements, press releases, requests for proposals, bid solicitations, and other documents describing this project, the recipient shall state clearly: 1) the dollar amount of Federal funds for the project, 2) the percentage of the total cost of the project that will be financed with Federal funds, and 3) the percentage and dollar amount of the total costs of the project that will be financed by nongovernmental sources.

Although the Department requires all grant recipients to comply with this regulation, there is no information on the extent of compliance since the law does not require grantees to provide their disclosure notice to the Department of Education.

DISCRETIONARY GRANTS MANAGEMENT

Mr. CONTE. The GAO 1988 report on desegregation grants made by the Department called attention to many problems in how grants were being administered.

Grant management weaknesses were also identified in the Department's fiscal year 1989 report on internal controls, plus in 1990, OMB cited the Department's monitoring of grants on their list of high risk problems.

Why have problems with managing discretionary grants persisted in the Department?

Mr. SKELLY. Mr. Conte, I think there are a number of reasons, but two that stand out are that we have had over time a lack of resources and a lack of people.

Our request today before you is for a total increase of $67,000,000, and as the Chairman noted, it seems like a very large increase all at once, but we are catching up with the problem we have had since 1980.

I know on the Appropriations Committee you often get these arguments about inflation adjusted dollars. Well, our inflation adjusted dollars are way, way down over the last ten years. Even with this request for a $67,000,000 increase, we are still 4 percent below where we would have to be just to maintain our 1981 level.

That lack of resources has meant that we haven't been able to do the job we would like on program monitoring. We haven't been able to get out to the schools that participate in the student aid programs. We haven't been able to check the lenders that give money to the schools.

We haven't been able to check out discretionary grant recipients.

Mr. CONTE. Are you saying that your discretionary grant awards will be continued to be mismanaged unless you get more money?

Mr. SKELLY. No. I don't want to leave you with that impression. We are trying to do a very good job on discretionary grants, as well as all other grants. But we have a lot less money in discretionary grants than we do in student aid.

In guaranteed student loans alone, we have a $50,000,000,000 loan portfolio outstanding. Because of that magnitude, we devote a lot of our staff to working on the Guaranteed Student Loans program, and also, on Pell Grants and other large programs.

After dealing with all those programs and the civil rights activities that Dr. Smith works with and the IG activities, we just don't have a lot left for discretionary grant activities, or we haven't had in the past.

We would like to do a better job there. We would like to do more. We just don't feel we have had all the money we needed.

MANAGEMENT OF OSERS

Mr. CONTE. The Department has agreed with many of the concerns raised in the 1989 GAO study of the Office of Special Education and Rehabilitative Services. What has been done to improve these management problems identified by GAO?

Mr. SKELLY. Secretary Davilla has done a number of things in that area on his part. He has conducted a review of the functions of the staff. He has tried to delegate activities down to a lower level of management.

For the Department's part, we continue to request increased FTE and increased travel funds for the office. Those were items that GAO cited. The OSERS staff that GAO contacted had also cited those problems. We know that they have had shortages there, and we have tried to address them.

STATE AND FEDERAL RELATIONSHIP

Mr. CONTE. In that report, 80 percent of the State rehabilitation directors said that the relationship between the Office of Special Education and Rehabilitative Services wasn't good. What has been done to improve that relationship?

Mr. SKELLY. I think Dr. Davilla has done a very good job in the time that he has been there working with his new appointees that he has brought in. He has hired an entirely new management staff, and people have been reassigned from one office to another.

He seems to be working very well with the people, both in the Department and outside.

CONSULTANTS

Mr. CONTE. How many consultants do you hire each year, and what is the fee schedule for consultants?

Mr. SKELLY. The number of consultants varies. We hire them through a number of ways. One is through contracts. Those are what we call consulting services. We also hire people directly as employees.

We also call the people who serve on advisory councils consultants. In total, this will be a guess that I will correct for the record, but I would say it's got to be at least 500 individuals. And we will spend in total $33.7 million on those consultants and contracts. But a lot of that is for costs other than people. Computer support and survey design and other things.

[The information follows:]

CONSULTANTS

In 1989, we hired 282 people as consultants or advisory council members exclusive of those hired through a contract.

Mr. CONTE. That is a lot.

How about the fee schedule?

Mr. SKELLY. The average fee for an individual consultant is, I believe, $225 per day, plus per diem and travel expenses.

Mr. CONTE. That is pretty good pay!

Mr. SKELLY. No heavy lifting.

ADVISORY AND ASSISTANCE SERVICES

Mr. CONTE. The Inspector General said that there are two weaknesses within the Department with regard to managing advisory and assistance services. They are written evaluations of expired contracts and completion of contracts on time.

What are you doing to solve these weaknesses?

Mr. SKELLY. We are working through our Office of Management to have all program offices comply with the administrative directive that we put out, I believe in just the last year. Perhaps Jim Thomas, our Inspector General, could amplify on this. His office does a review of our consulting services and he supplied a report to you just two weeks ago.

Mr. **Thomas**. One of the things we are doing now, Mr. Chairman, is just starting up with a new audit contract which will look at contract completion. We are taking a look at the products that come in from the contracts that are let, the amounts that are paid, and what benefit to the Government and to the Department these contracts provide.

We have not yet finished that job. I would be happy to forward it to you at such time as we complete it.

STUDENT AID ABUSES

Mr. **Conte**. In January, OMB said that some institutions have abused the Department's student financial aid programs by either enrolling unqualified students or by providing inadequate training.

OMB also cited a high loan default rate as an example of mismanagement. What do you say about those charges?

Mr. **Skelly**. I think studies have shown over time that there are a number of schools and students who aren't really playing fair with the program. We are trying to do a better job of helping the students and the schools understand the program.

We are sending out more information on the student aid program, consumer information to the individual students. We are publishing records of default rates so that people can know which schools are good and which schools aren't.

We have requested additional FTE and travel funds to do more program reviews of the individual schools and lenders. We have also increased our Inspector General staff by 30 FTE so that they can do more audits and investigations of the schools and help identify some of the problems for us in general so that we can go in and do the follow-up work and try to help those schools and students do the right thing.

ADMINISTRATIVE COSTS

Mr. **Conte**. Folks have been critical of school districts for being too top heavy. You have a $331,000,000 budget, and are requesting a 21 percent increase for fiscal year 1991. How does your management to service ratio compare to the ratio for most school districts?

Mr. **Skelly**. Our administrative——

Mr. **Conte**. Is it top heavy?

Mr. **Skelly**. Not in comparison to those. It's all relative, but our administrative budget is less than 1.7 percent of our total program budget, which is $24.6 billion. School districts are going to run around 50 to 60 percent of their non-capital budgets.

I take that back. Their administrative budget is going to be more in the line of 30 percent. A lot of their money is devoted, of course, to teachers. They have other expenses such as school buildings and buses and things. But I know our administrative budget is a much smaller percentage, even infinitesimal, compared to the administrative budgets of not only school districts but universities and most other businesses.

We just don't spend a lot of money on administration.

A-76 STUDIES

Mr. **Conte**. An effort to privatize the Department's research library has been under study for more than a year now. What is the status of that study and other efforts to privatize the Department?

Mr. **Skelly**. That is what's called an A-76 study after the OMB circular of that name. The study is supposed to look at the cost and benefits of running a government function to see whether or not an outside contractor can do it for less money than the Federal employees.

On the library study, it didn't look that conclusive that a contractor could do a better job than us. So for now, it looks like we are going to keep that library function in the Department performed largely by Department employees.

We have also requested $200,000 for 1991 for three other A-76 studies. They would examine such areas as automatic data processing, training, and accounts management. We will also look at debt collection.

Mr. **Conte**. Put a little more detail in the record on that.

Mr. **Skelly**. We would be glad to, Mr. Conte.

[The information follows:]

A-76 Studies

The Department initiated its first A-76 cost comparison study in 1989 to conduct a study of the Education Research Library. Completion of that study is on hold pending the results of a Comptroller General study directed by H.R. 2724. The General Accounting Office will conduct a study to evaluate the services provided by, the feasibility and merits of public access to, and the historic and scholastic value of the library. No funds have been put aside for A-76 studies in 1990. The 1991 budget request contains $200,000 for contractor support to study accounts management and debt collection, training, and ADP activities.

LOBBYING REGULATIONS

Mr. **Conte**. OMB issued new regulations concerning lobbying activities by folks who get Federal money. What impact will those restrictions have on the education community?

Mr. **Skelly**. We don't see an immediate impact from those new regulations. We and all of our grant recipients will have to comply with the provisions and restrictions.

It might delay the award of some of our grants by some time. I know based on the experience we have had the last two years with certifications that are required for a drug-free work place and the certifications for suspension and debarment, that the grantees sometimes take a couple extra days or weeks to get in those certifications. So it delays the award of the grant funds.

Ms. **Christensen**. Mr. Conte, in December we notified all current applicants and recipients of this requirement, and we also notified our regional offices so that they could inform all applicants or prospective applicants so that they would know about it. We sent copies of the guidance and disclosure forms to all current recipients and new ones that will probably be getting awards later.

Also, as required for all agencies, twice a year we will be sending to Congress a compilation of all the information that is disclosed as a result of this requirement. I think the Inspector General, in fact, has to send a report to Congress once or twice a year on this.

So we will be monitoring it very closely. We have taken the appropriate action to date, and we will be monitoring it very closely, and you will be getting reports on it as we go along.

Jim, you might want to amplify on that.

Mr. THOMAS. I don't have anything to add at this point, Sally.

Mr. CONTE. Could you also put in the record what procedure the Department follows in announcing grants and other federally financed projects to the States? Put that in the record.

Ms. CHRISTENSEN. Okay.

[The information follows:]

ANNOUNCEMENT PROCEDURES

On all new formula and discretionary grants, the Department first sends notification letters to the appropriate congressional offices. After the five-day congressional notification period, recipients are notified by mail and any public announcements are made. Press releases are issued for virtually all forumla an discretionary grant programs.

DISCRIMINATION COMPLAINTS INCREASE

Mr. CONTE. Mr. Smith, the number of discrimination complaints has increased. Will your fiscal year 1991 request for $50,000,000 give you enough money to handle these complaints without reducing the number of compliance reviews?

Mr. SMITH. Forgive me for hedging. I am hedging because fiscal year 1990, as we are looking at it now, with the volume of complaints, has forced us to reduce the number of compliance reviews we anticipated being able to conduct this year.

And, it's almost too late now to do compliance reviews, because we are talking now about the month of March, and schools close in May, and because of the case processing time frame, we would have to put the reviews on reserve during the period when the schools were closed.

So we will be down on compliance reviews this year. The funds that you have provided us will allow us to begin to develop a comprehensive compliance review program in fiscal year 1991.

I cannot say that we will have enough resources to do all of them, but I can say that we will be in a position to do more complicated and in-depth compliance reviews.

As I mentioned, the Asian discrimination compliance reviews have turned out to be much more expensive than we had ever dreamed.

Mr. CONTE. At UCLA?

Mr. SMITH. Right. And we are now in a position to work with the Department of Justice to look at the question of resegregation in school districts that are under court order—where we are working on pilot projects for compliance reviews with the Department of Justice.

So I can say we will have many more, but they will be different than the ones we have done in the past because they will be focusing primarily on Title VI and Title IX.

MANAGEMENT IMPROVEMENTS IN OCR

Mr. CONTE. The last question, the Office for Civil Rights has undergone extensive management review and new administrative policies have been announced. At least you have announced those things.

What improvements can we expect in the next year?

Mr. SMITH. I think you have to start with whether the people who are in the Office for Civil Rights will be able to be more responsive to the mission of the organization than they have been in the past, and the answer will be "yes."

I think that we have begun to see—we have, by virtue of the steps that we have taken, been able to humanize the management process, and have not been caught up in the rigors of trying to meet case processing timeframes at all costs.

We have been able to modify the timeframes, which allow our people more time to do their investigations than they had in the past.

Secondly, I believe very firmly that we will be in a position to have more policy studies available so that the regional offices will be able to have in their hands policy documents that will allow them to do their investigations faster and more thoroughly.

Mr. CONTE. Thank you, Mr. Chairman.

I have no further questions.

STUDENT NOTICES

Mr. NATCHER. Now, the bil! language, as you know, proposes to override Section 483 regarding student notices. Tell the committee why you need this language. Why do you have to have it?

Mr. SKELLY. Mr. Chairman, we asked for that language so we would have statutory authority to forego putting that requirement on institutions. We did a *Federal Register* notice asking schools to comment upon the form. It is a form that would list all the student aid that a student gets on Treasury check paper with the great seal of the United States embossed on it.

We asked the schools what they thought about it, and of 600 schools or individuals replying, 597 said it would be a costly administrative burden for them.

We are still working out ways of trying to get the same information to students. We currently require the schools to notify the students of the amount of money that they are getting from the Federal Government, and we are also seeking changes in the higher education reauthorization that would make that report more useful.

Mr. NATCHER. Just generally speaking, what will you do if this language is not approved? If you recall, last year it wasn't approved. It wasn't approved the year before. What will you do now?

Mr. SKELLY. Mr. Chairman, we will work on it very hard to see if we can get a good report produced by the schools that would help the students understand their obligations.

DECREASE IN REIMBURSABLES

Mr. NATCHER. All right, Mr. Skelly.

The budget documents show a substantial decline in funds for your reimbursable program. Is this related to work load, or are costs being reallocated to your direct appropriation? Which way are you traveling?

Mr. Skelly. A couple of things. One—the total decline is approximately $2,000,000. One million dollars of that is because the Drug-Free Schools Commission ends after 1989. That accounts for about $1,000,000 or half of the decrease.

The other changes are a combination of things, including changes in how we pay field readers and the amount of money that will be coming in through contract collection costs.

EVALUATION COSTS

Mr. Natcher. Last week, as you know, you sent the committee a copy of your evaluation plan for 1991. What is the total cost of these evaluations in 1991 and how is this cost changed in recent years? How has it changed in recent years?

Mr. Skelly. Mr. Chairman, the cost for evaluations has gone up in recent years. In 1989, as a Department we spent $28.5 million. In 1990, we will spend $38.2 million, and in 1991, we hope to spend $44.9 million.

However, I would like to point out that the overwhelming majority of that money for studies and evaluations comes from the program accounts, such as Chapter 1 evaluation. We have an evaluation in Chapter 2. The amount of money in the Program Administration account only increases from approximately $2.7 million in 1989 to $3.7 million in 1990, to approximately $4.5 million in 1991.

Mr. Natcher. Should the cost of these evaluations be centralized in your account rather than being spread throughout the Department, Mr. Skelly?

Mr. Skelly. Mr. Chairman, you can go either way. The reason that we have the dispersal of funds throughout the program accounts is because they are authorized that way. The authorizing committees seem to think that it's appropriate to have a separate amount funded for those studies.

If we had all the evaluation money in one central pot, I would venture to guess that we would often cut back on evaluations and studies at the expense of other activities, such as salaries when we have a pay raise increase.

So if Congress wants to fund evaluations at this level of effort, we will probably have to have those separate amounts.

Ms. Christensen. Mr. Chairman, I would point out that our planning and evaluation service coordinates these studies, Department-wide, very carefully. They have a somewhat elaborate process set up during the course of the year as far as planning the studies goes, and they review what all of the assistant secretaries of different areas are doing in their studies, whether it's OSERS or Office of Postsecondary Education, or wherever, so that we are not duplicating anything. And that the highest priorities are the items that we look at, in particular. We get a lot of questions from this committee during the course of the year about what is really happening in this program, and if this activity is really working.

We think we are getting the most effective use out of those dollars. The way that they are now is really not a problem.

STUDENT AID TOLL-FREE LINE

Mr. NATCHER. When will the toll-free student aid inquiry system be operational, and about what will it cost?

Mr. SKELLY. Mr. Chairman, the toll-free information line actually started back in 1976, and it proceeded as a toll-free line through 1983. At that time, we had to eliminate the toll-free line because of budget constraints, and we reimplemented the toll-free line as a result of 1986 HEA amendments.

It has been running since then. The total cost will be about $2.5 million in 1990. Approximately $338,000 of that is the amount charged for the toll-free calls themselves.

ADDITIONAL FUNDS FOR INSPECTOR GENERAL

Mr. NATCHER. Mr. Thomas, we haven't asked you any questions today.

There has been a relatively large increase in funding for the Inspector General in 1990 from $18.7 million to $23.1 million. What are you using—what are you doing with the additional money, Mr. Thomas?

Mr. THOMAS. Well, in 1990, Mr. Chairman, most of the money goes for salaries, rent and travel. Those are our very big items in the Inspector General's office.

We also have an amount in there for doing some contracts with certified public accountants. Part of that contract is to have these CPAs leverage the staff that we have and help us set priorities, in essence, by having a broad-scale coverage.

In this particular case, this particular year, we went into a contract with a CPA firm to look at a number of lending institutions for student aid programs. What we do is get the results of those reviews and identify those that in our opinion need further intensive audit work.

We will target our resources to look at those lending institutions where we think there are problems. We also will be having some assistance in looking at contract close-out activities and things of that kind.

So we believe that the use of a contractor allows us to get over peak loads, if you will, so we don't have to staff up for those peaks all the time but rather take care of that business as it comes about; it helps us to better target the use of our own resources.

USE OF CPA FIRMS

Mr. NATCHER. The budget proposal that we have before the committee indicates that the use of private CPA firms will be expanded. Is this the most cost-effective way to buy these services, Mr. Thomas?

Mr. THOMAS. Yes, sir, I believe it is, Mr. Chairman. With the particular contract for the upcoming year, 1991, we will be starting a pilot program in the student aid area. We will be contracting with CPAs to go ahead and do audits; the CPAs will actually be retained by the Government to do those audits.

At the present time, you know that the individual proprietary schools and other schools hire their own CPAs to do those audits, and there has been some question about the quality of these audits.

We consistently have had problems with audits that we get in from institutions. So we are going to try a pilot program and retain some CPAs ourselves and see if the results of that produce anything different than those where the institution hires their own CPA.

We will also be using some contract funds to audit indirect costs for State and local governments, as well as to further look at contract close-out activities in the Department.

ACCREDITATION

Mr. NATCHER. Mr. Thomas, what is the status of your review of the Department's system for reviewing post secondary school accreditations?

Mr. THOMAS. The thing we have been doing there, Mr. Chairman, is looking at the entire program of student aid. And one of those activities, of course, is the accreditation that is done by private, independent accrediting organizations.

The Department's role in that process is that of recognizing which ones of these accrediting organizations can be used so that an institution can become eligible for student aid.

We have looked at that problem of recognition of accrediting organizations, and will be issuing a report before long. And part of the issue that we have come up with there is the non-use of information that is available within the Department, in advising the Secretary and making good judgments on which accrediting organizations that the Secretary should recognize.

LEGITIMATE TRAINING PROGRAMS

Mr. NATCHER. Based on your student aid reviews, what level of confidence can this committee have that eligible students are attending legitimate training programs? What do you say about that, Mr. Thomas?

Mr. THOMAS. Well, we continue to find problems in those areas, Mr. Chairman. There are three actual basic points there. One is whether or not the student is a proper student or an eligible student, and we continue to find some students who are not eligible for student aid and should not be receiving it.

Another is when the student is going to an accredited institution, and we find that there are mechanisms that come into play where individual institutions affiliate themselves with other institutions, so that in fact, some of the schools whose students are receiving student aid are not recognized by the Department.

These are programs where we don't have much assurance that the training that those students receive is very valid.

And then the third point is whether the student really has the ability to benefit. Among the requirements for students to get student aid is either to be a high school graduate, to have a GED, or to have some other process of determining that student's ability to benefit.

We have found problems with those different areas. We did an audit investigation of one institution where each one of the files included a falsified high school diploma, for example. That school ultimately was closed, and the two owners were both sent to jail.

We have had other institutions where the results of the ability-to-benefit tests were falsified, where wrong answers were made to be right, and where scores that were too low to pass were increased so that the students could pass.

In many of those cases, the students have dropped out of school owing the Government substantial amounts of money, and, in most cases, ultimately going into default on those loans.

So even though we think that in the totality of the student aid program—we think that it's a good and sound program, and most of the students get sound education for the money spent. Too often there are cases where that is not the situation.

Mr. NATCHER. Thank you, Mr. Thomas.

Mr. Conte, do you have additional questions?

Mr. CONTE. I have no further questions.

CONCLUSION

Mr. NATCHER. Mr. Thomas, this completes the testimony for the Department of Education for fiscal year 1991. On this committee we like the Secretary of Education, Secretary Cavazos. We think he is a well qualified, able member of the President's Cabinet.

We also know on this committee that in the last nine years, Congress has appropriated and the Department has spent a total of about $199,000,000,000 for education.

During this nine-year period, in the Department of Defense, the Congress has appropriated and the Department of Defense has spent about $2,364,000,000,000.

We are hoping, Mr. Thomas, and we say this to you as the Inspector General and to the Secretary of Education, that now with the change around the world, that we can spend more money and render more assistance at the Federal level for education. We believe on this subcommittee and on the full committee on appropriations if we take care of the health of our people and educate our children, we continue living in the strongest country in the world. We believe that.

Mr. Conte and I take this bill over to the Capitol, and the Members in the House know that we believe it, and they stay with us, and they help us pass this bill.

This is the second largest appropriation bill of the 13 in the budget, as you know. Here we have an increase requested for education, Mr. Skelly, of $496,000,000 as of now.

Now, we have a $496,000,000 increase before us now. It took a long time to bring education up to $20,000,000,000. And Mr. Smith, if I have my way today, it would be $40,000,000,000. I don't mind telling you. That's where we ought to spend our money.

But this completes the testimony, and I am hoping now, Mr. Skelly, you will come to us one time and say to us this is one time we are requesting $40,000,000,000 for education to help educate the children in this country, the greatest asset that we have.

This completes the hearing. You can tell Secretary Cavazos that the hearings for the Department of Education have been good.

I am hoping that we are able to bring out a good bill. And I think we will bring one out, Mr. Skelly, that you will like.

Mr. SMITH. Thank you, Mr. Chairman.

Mr. NATCHER. Thank you very much.

This will be a good hearing, and the committee will now adjourn until 2 o'clock on Monday.

[The following questions were submitted to be answered for the record:]

FTE INCREASE

Mr. Hoyer: It appears that the 58 new FTE's for Program Administration are principally in the area of enhancing accountability of grantees. Are the increases in this area for newly proposed programs or existing or unfunded programs?

Mr. Kolb: The additional FTE for Program Administration will handle enhanced efforts in existing programs enacted in recent years, legislated requirements for statistical gathering and analysis, and increased student aid program review and default reduction efforts.

TECHNICAL ASSISTANCE FOR SCHOOL REFORM

Mr. Hoyer: I am especially interested in the Department's ability to provide meaningful technical assistance at the State and local level in the area of Education Reform. Can you tell me approximately how many Departmental personnel are employed directly or indirectly in providing direct technical assistance in the area of Education Reform and Improvement in this budget compared to FY 1990?

Mr. Kolb: The Department's budget reflects the President's initiatives to improve administration and accountability of Federal programs, resulting indirectly in educational reform. The Department's request for additional FTE stems from the Secretary's default reduction initiatives, and the need for additional program reviews and monitoring as well as the direct technical assistance to grantees in an effort to increase program accountability.

Mr. Hoyer: How many of these personnel are associated with new and unauthorized programs?

Mr. Kolb: The additional personnel requested will work in areas to improve administration and accountability of current programs and assist grantees to comply with Federal program requirements. Improved grant administration and technical assistance will likely lead to education reform and improvement at the local level.

PAY RAISE

Mr. Hoyer: Does the $7.1 million added to the 1990 base cover the entire cost of the 3.5 percent pay raise in 1991, as well as the average 22 percent increase for SES and executive level employees?

Mr. Kolb: The compensation costs for the 3.5 percent pay raise and the average 22 percent increase for SES and executive level employees are covered by the additional $7.1 million. A large portion of the $3.1 million increase for employee benefits is due to the pay raises for all employees.

Mr. Hoyer: Can you provide any anecdotal or statistical information on the impact the raise for executive level and SES employees will have on the Department's ability to recruit and retain highly qualified employees?

Mr. Kolb: We have no statistical information on the impact the raise will have on recruitment and retention of executive level and SES employees. However, it is hoped that the raises will encourage qualified individuals to seek Federal employment. The raises should also give us a better chance to retain career SES employees who leave to seek higher salaries. Recently, for example, three SES employees left the Department and have since doubled their salaries by joining proprietary schools and other institutions that benefit from our student aid programs.

After talking to many SES employees in the Department, our sense is that they will remain in the Government longer if the raises take effect as scheduled.

A-76 STUDIES

Mr. Hoyer: Why is the Department conducting a series of A-76 studies, and how much is the Department spending on these studies in FY 91?

Mr. Kolb: The Department has identified eight functions that are considered commercial activities under OMB Circular A-76. In accordance with Executive Order 12615, we are required to and are conducting cost comparison studies of these functions.

For 1991 we are requesting $200,000 to conduct studies of accounts management and debt collection, training, and ADP activities.

Mr. Hoyer: How has the level of funding for A-76 studies changed over the last several years, and can you tell me the concrete results of any actions taken as a result of these studies over the past three years?

Mr. Kolb: The Department initiated its first A-76 cost comparison in 1989 and spent $80,407 for contractor support to conduct the study of the Education Research Library. In 1990 no funds have been earmarked for A-76 studies. In 1991 we estimate that we will need about $200,000 for contractor support to provide the technical expertise necessary to study accounts management and debt collection, training, and ADP activities.

We have not completed any A-76 studies. Completion of the Library study is on hold pending the results of a Comptroller General study directed by H.R. 2724. As a consequence, we have no concrete results to report.

IRS DEBT COLLECTION

Mr. Hoyer: The IRS offset of tax refunds garnered $197 million in FY 89 for a total of $637 million offset from 1.1 million individuals averaging $550 each. Are these figures consistent with your earlier projections for this program, and what are your estimates of future collections?

Mr. Kolb: The following table shows projected and actual IRS offset figures.

(in millions of dollars)

Fiscal Year		Projected Amount	Actual Collections
1986		---	$126
1987		---	141
1988		---	173
1989		$145	197
1990		227	---
1991		263	---
	Total	635	637

The cumulative total debt collected by IRS offsets through FY 1989 was $637 million, $2 million more than projected. During the first three weeks of 1990 another $19.7 million was collected.

Mr. Hoyer: The Federal employee salary offset yielded $20 million in FY 89 for a total of $454 million since the program's inception in 1982. What proportion of Federal employees have not yet been contacted, and what accounts for the large proportion of collections in FY 1989?

Mr. Kolb: At this point, all debtors from a June 1989 match of Federal employees and persons in default on educationally related financial obligations have been contacted either by the Department of Education or Guaranty Agencies regarding their guaranteed student loans.

Since the start of the program in FY 1986, $54 million has actually been collected. The large portion of collections in 1989 resulted from the effect of the mandatory assignment of guaranteed student loans to the Department for salary offset. Previously, the salaries were offset only for debtor employees in programs for which the Government is the direct guarantor.

UCLA - HARVARD DISCRIMINATION AGAINST ASIAN AMERICANS

Mr. Weber: The Secretary of Education has said that he was "deeply concerned with recent reports that the civil rights of Asian Americans may be denied through the imposition of admissions quotas by universities across the county." He added that "discrimination against students, merely because they are Asian American is illegal and unacceptable." I applaud that position. However, I am greatly concerned at the amount of time it has taken your Department to conclude the on-site investigations taking place at UCLA and Harvard. They have dragged on for over 2 years. Can you give us a specific date that these reviews will be completed?

Mr. Smith: As you stated, the Office for Civil Rights (OCR) currently is conducting compliance reviews at the University of California at Los Angeles (UCLA) and Harvard University. OCR conducted a second on-site visit at Harvard University in January 1990 to obtain data to resolve the few remaining issues in that case. OCR anticipates completing the review at Harvard by the early spring.

OCR completed a second on-site visit at UCLA in late February 1990. The purpose of the visit was to address questions that had been raised by a review of graduate admissions files. OCR expects to release results of the review at UCLA this spring.

These compliance reviews have been very demanding of OCR's resources at a time when OCR is experiencing a dramatic increase in its complaint workload. Both reviews involve considerably complex issues, extending over a period of several years and encompassing a voluminous number of admissions applications. A great deal of data has been generated that needs to be analyzed. The review of UCLA has been particularly demanding for a number of reasons: the size of the institution, the inclusion of both the graduate and undergraduate programs in the compliance review, and the decentralization of the admissions process.

BOALT HALL'S ADMISSIONS POLICY

Mr. Weber: Reports in the newspapers have indicated that Boalt Hall, the Law School at the University of California at Berkeley, has separate waiting lists for students of different races. Do you support the use of such a policy?

Mr. Smith: Currently, OCR is obtaining information from Boalt Hall regarding its admissions policies and procedures. Until complete information from Boalt Hall is obtained, reviewed, and analyzed, it would be inappropriate for me to comment on what the admissions process is at Boalt Hall or on whether that process is legally permissible.

In investigating the admissions procedures and policies at any postsecondary institution under Title VI, OCR is guided by the Title VI regulations and the Supreme Court's 1978 decision in Regents of the University of California v. Bakke. In that case, the Supreme Court ruled that a medical school may not set aside a certain number of seats in its first year class only for members of certain racial groups. The Court also held that a school may consider race as a factor, among other factors, in its admissions process.

Mr. Weber: Congressman Rohrabacker has reported that Boalt Hall also has an admission policy in which 23 percent of the places in the entering class are reserved for applicants of certain races. All other applicants must compete for the remaining 77 percent of the places in the entering class. Does this sound like a violation of the Supreme Court's Bakke standard? Will your Department begin an investigation of Boalt Hall's admission policy?

Mr. Smith: The Department cannot comment on the nature or validity of a school's admissions process without obtaining and reviewing complete information regarding that process. Thus, I cannot give you an answer regarding whether Boalt Hall's admission process violates legal standards established in the Bakke decision.

At this time, I cannot speculate about whether OCR will conduct a compliance review of admissions at Boalt Hall. That decision awaits completion of the review of information we are now obtaining. Of course, if OCR were to receive a complaint alleging discrimination in admission to the Law School, OCR would conduct a complete investigation of that complaint.

COMPLIANCE REVIEWS

Mr. Weber: Will your Department begin any new compliance reviews during the upcoming year? Would you support efforts to earmark funds to ensure that the old reviews as well as new ones are completed?

Mr. Smith: OCR does indeed contemplate conducting new compliance reviews during the next fiscal year. However, rather than having funds earmarked for compliance reviews, OCR needs adequate funds to support the full range of activities that are needed for effectively carrying out a comprehensive compliance and enforcement program, including the completion of both old and new compliance reviews.

Compliance reviews vary in terms of the complexity of the issues covered. Because the degree of complexity affects the amount of time and the resources required for completion, the total funding requirements for compliance reviews are subject to change during the course of a fiscal year. It is essential for OCR to have the managerial flexibility to make appropriate adjustments in the level of resources devoted to compliance reviews and to other compliance and enforcement activities. The earmarking of funds would restrict this flexibility.

DISCRIMINATION AGAINST ASIAN AMERICANS

Mr. Weber: Your Department recently received from the Department of Justice formal complaints from a number of Asian students who were denied admission to some of America's most prestigious universities. What is the status of these complaints and will you act on them?

Mr. Smith: The Justice Department referred to OCR correspondence discussing discrimination against Asian-Americans in college admissions. OCR staff contacted or attempted to contact all of the individuals who had written letters that had not previously been received by OCR. Some of the individuals could not be reached. None of the individuals who could be reached wanted OCR to initiate investigations. Therefore no investigations were conducted. However, the regional offices were instructed to keep the data for use in possible future compliance reviews. OCR is determined to do everything in its power to end racial and ethnic discrimination in college admissions. Secretary Cavazos has stressed that ending racial and ethnic discrimination and harassment on America's campuses is a major priority for the Department of Education.

COMPLIANCE REVIEWS IN 1990

Mr. Weber: At a hearing last year, Secretary Cavazos said the Office for Civil Rights would do additional compliance reviews on this issue. I am told that even though it is four months into FY 1990, your Civil Rights Department has not started a single new compliance review nor completed the two that were over a year old when you last testified. What will be done with the extra $3 million OCR received in FY 90?

Mr. Smith: OCR's 1990 appropriation is $44.6 million, an increase of $3.0 million above the 1989 appropriation level. Increased built-in costs such as rent and absorption of the 1990 pay raise used up much of this increase. Most of the remaining budget increase was for hiring additional personnel required to handle the increased complaint workload as well as to complete the current compliance reviews.

JUSTIFICATION OF THE BUDGET ESTIMATES

DEPARTMENT OF EDUCATION

Office for Civil Rights

Fiscal Year 1991 Budget Request | **Page No.**

Appropriation language.. S-1

Amounts available for obligation................................ S-2

Budget authority by activity.................................... S-3

Budget authority by object...................................... S-4

Summary of changes.. S-5

Authorizing legislation... S-9

Significant items in congressional appropriations reports...... S-10

Table of estimates and appropriations........................... S-11

Justification:

Activity:
1. Civil Rights.. S-12

Detail of permanent positions................................... S-21

OFFICE FOR CIVIL RIGHTS

For expenses necessary for the Office for Civil Rights, as authorized by section 203 of the Department of Education Organization Act, [$45,178,000] $49,900,000. (Department of Education Appropriations Act, 1990.)

Office for Civil Rights

Amounts Available for Obligation

	1989	1990	1991
Appropriation:			
Annual..................	$40,845,000	$45,178,000	$49,900,000
Enacted Supplemental......	790,000	---	---
Reduction pursuant to P.L. 99-177	---	-606,000	---
Subtotal, adjusted appropriation......	41,635,000	44,572,000	49,900,000
Unobligated balance lapsing..................	-401,000	---	---
Total obligations........	41,234,000 1/	44,572,000 1/	49,900,000 1/

1/ Excludes the following amounts for reimbursable activities carried out by this account: 1989 - $28,000; 1990 - $77,000; 1991 - $50,000.

Office for Civil Rights

Budget Authority by Activity

	1989		1990		1991	
	Appropriation	FTE	Appropriation	FTE	Request	FTE
1. Office for Civil Rights..	$41,635,000	789	$44,572,000	802 1/	$49,900,000	820

1/ Reflects estimated FTE usage. The 1990 ceiling is 820 FTE.

Office for Civil Rights

Budget Authority by Object

(in thousands of dollars)

	1989 Appropriation	1990 Appropriation	1991 Request
11.1 Full-time permanent	28,576	30,402	32,323
11.3 Full-time temporary	105	115	282
11.3 Part-time	513	366	442
11.3 Consultants	0	58	0
11.5 Overtime	20	50	93
11.5 Awards	289	312	312
11.8 Other compensation	0	0	0
11.0 Compensation subtotal	29,503	31,303	33,452
12.0 Benefits	4,474	5,133	5,876
11,12 Comp./benefits subtotal	33,977	36,436	39,328
13.1 Severance pay	36	0	0
21.0 Travel	615	600	1,113
22.0 Transportation of things	50	55	54
23.1 Rental payments to GSA	2,037	3,479	3,471
23.2 Non-GSA telecommunications	105	100	175
23.3 GSA telecommunications	1,124	1,246	1,020
23.4 ADP rentals	0	0	1
23.5 Postage/fees	247	283	312
23.6 Other equipment rentals	204	296	305
24.0 Printing	45	32	187
25.1 Interagency & reimbursables	428	392	430
25.2 Training	115	152	320
25.3 Equipment repair/mainten.	265	193	209
25.3 Building alterations/repair	290	143	175
25.4 Contracts (non-ADP)	363	195	327
25.4 Field Readers	0	0	0
25.6 ADP services contracts	999	743	1,477
25.0 Other services subtotal	2,460	1,818	2,938
26.0 Supplies	274	213	366
31.2 Equipment - non-ADP	18	14	25
31.4 Equipment - ADP	41	0	605
43.1 Interest and dividends	1	0	0
Total Obligations	41,234 1/	44,572	49,900
Lapse	401	0	0
Budget Authority	41,635	44,572	49,900

1/ Excludes $28,000 in reimbursable activities.

Office for Civil Rights

Summary of Changes

1990 Appropriation	$44,572,000
1991 Request	49,900,000
Net change	+5,328,000

	1990 base	Change from base
Increases:		
Built in:		
1. Increase in compensation for annualization of the 1990 3.6 percent pay raise, the 1991 proposed 3.5 percent pay raise for GS and GM employees and the proposed pay raise averaging 22 percent for SES and Executive level employees; the extra paid day in 1991; and merit increases for GM employees	$31,303,000	+$1,383,000
2. Increase in compensation to support the additional 18 FTE	31,303,000	+723,000
3. Increase in benefits to support the additional 18 FTE	5,133,000	+113,000
4. Increase in benefits for the Civil Service and Federal Employees' Retirement Systems, and health benefits and other benefits costs resulting from the 1990 and 1991 pay raises	5,133,000	+630,000
5. Increase in non-GSA telecommunications for the acquisition of systems to provide communications between headquarters and regional offices	100,000	+75,000
6. Increase in postage for mail services resulting from an anticipated increase in volume	283,000	+29,000

Office for Civil Rights

Summary of Changes - continued

	1990 base	Change from base
Increases:		
Program:		
1. Increase in staff overtime to meet complaint investigation deadlines..............	$50,000	+$43,000
2. Increase in travel to provide more technical assistance, conduct more compliance reviews and increase the number of compliance review and complaint investigation monitoring visits.............	600,000	+513,000
3. Increase in printing for technical assistance materials and letterhead paper, items which were deferred from previous years due to budget constraints............	32,000	+155,000
4. Increase in interagency and reimbursable expenses, primarily for use of employee health facilities by OCR employees in the regions......	392,000	+38,000
5. Increase in training for new employees, supervisory training in regional offices, and training on the conduct of complaint investigations and compliance reviews for new employees.................	152,000	+168,000
6. Increase in building alterations for renovation in regional offices needed to carry out the Government's space reduction program.......	143,000	+32,000

Office for Civil Rights

Summary of Changes - continued

	1990 base	Change from base
Increases:		
Program:		
7. Increase in non-ADP contracts primarily for litigation support............	$195,000	+$132,000
8. Increase in ADP services primarily for funding of the Elementary and Secondary Civil Rights Survey, partially deferred from 1990 due to lack of funds, and for new projects including data collection on higher education desegregation, case-related data and recipients of Department funds..................	743,000	+734,000
9. Increase in supplies for office automation software and supplies, and for purchases postponed in 1990........................	213,000	+153,000
10. Increase in equipment, primarily for personal computers, as well as equipment for a local area network connecting regional offices to headquarters.......	14,000	+616,000
11. Small increases in ADP rentals, rentals/other equipment and equipment repair.........................	489,000	+26,000
Subtotal...........		+5,563,000

Office for Civil Rights

Summary of Changes - continued

	1990 base	Change from base
Decreases:		
Built in:		
1. Decrease in GSA telecommunications due to implementation of the Government-wide initiative "FTS 2000" anticipated to reduce basic long distance telecommunications costs......	$1,246,000	-$226,000
Program:		
1. Small decreases in rent to GSA and transportation of things........................	3,534,000	-9,000
Subtotal........		-235,000
Net change......		+5,328,000

Office for Civil Rights

Authorizing Legislation

Activity	1990 Authorized	1990 Appropriation	1991 Authorized	1991 Request
1. Civil Rights (P.L. 96-88, Section 203)	Indefinite	$44,572,000	Indefinite	$49,900,000

Office for Civil Rights

Significant Items in Congressional Appropriations Reports

Item	Action taken or to be taken
1990 House Report	
The Committee directed OCR to complete expeditiously two Title VI compliance reviews now being conducted on alleged discrimination in college admissions of Asian-American students, and to initiate as many additional reviews on this issue as is practicable given current resources.	OCR is currently conducting compliance reviews of Harvard Univeristy and UCLA concerning alleged discrimination in college admissions of Asian-American students. Expected completion dates are early 1990 for both reviews. Additional reviews will be undertaken if resources are available. However, under current budget conditions, OCR will likely be required to reduce staff due to the Gramm-Rudman-Hollings sequester and absorption of the 3.6 percent January pay raise, thus possibly preventing OCR from initiating additional reviews during FY 1990.

Office for Civil Rights

Table of Estimates and Appropriations

	Budget Estimate to Congress	House Allowance	Senate Allowance	Appropriation 1/
1982	$49,396,000	$47,604,000	$46,915,000	$45,038,000
1983	44,868,000	44,868,000	44,868,000	44,868,000
1984	(42,058,000) 2/	42,058,000	49,936,000	44,396,000
1985	(42,633,000) 2/	42,633,000	45,000,000	45,000,000
1985 Rescission	(-541,000)	---	---	---
1986	(44,181,000) 2/	44,181,000	45,000,000	44,580,000
1986 Sequester				-1,876,000
1987	(38,185,000)	38,185,000 2/	44,000,000	43,000,000
1988	(42,676,000) 2/	42,333,000	42,333,000	40,530,000
1989	41,341,000	41,341,000	41,341,000	40,845,000
1989 Supplemental	---	---	790,000	790,000
1990	45,178,000	45,178,000	45,178,000	45,178,000
1990 Sequester	---	---	---	-606,000
1991	49,900,000			

1/ Reflects enacted supplementals in amounts appropriated prior to fiscal year 1985.

2/ Requested in Salaries and Expenses account.

Office for Civil Rights

	1990 Appropriation	1991 Request	Increase or Decrease
Budget Authority...........	$44,572,000	$49,900,000	+$5,328,000
FTE employees (workyears)..	802[1/]	820	+18

1/ Reflects estimated FTE usage. The 1990 ceiling is 820 FTE.

Purpose and Method of Operation

The Office for Civil Rights (OCR) is responsible for the enforcement of laws that prohibit discrimination on the basis of race, color, national origin, sex, handicap, and age in all programs and institutions that receive funds from the Department. Specifically, these laws are:

- Title VI of the Civil Rights Act of 1964 (prohibiting race, color, and national origin discrimination),
- Title IX of the Education Amendments of 1972 (prohibiting sex discrimination),
- Section 504 of the Rehabilitation Act of 1973 (prohibiting handicap discrimination), and
- the Age Discrimination Act of 1975 (prohibiting age discrimination)

These civil rights laws extend to a wide range of Federal recipients and beneficiaries, including 50 State educational agencies, nearly 16,000 local educational agencies, about 12,000 postsecondary institutions, including proprietary schools and community colleges, 50 State rehabilitation agencies and their subrecipients, as well as other institutions that receive Federal funds, such as libraries. In addition, OCR helps implement civil rights provisions in Title III of the Elementary and Secondary Education Act (the Magnet Schools Assistance program) and provides technical assistance to award recipients, beneficiaries, the public, and other organizations in an attempt to obtain voluntary compliance with civil rights laws. OCR also provides information to the public on its activities including assistance on how to file complaints.

For more than a decade, a series of orders issued by the U.S. District Court for the District of Columbia in *Adams v. Bennett* governed many of OCR's enforcement activities. In December 1987, the District Court determined that the *Adams* plaintiffs lacked standing to continue their litigation and dismissed the case. Although the *Adams* case has been dismissed, OCR has elected to follow the procedures and timeframes mandated by the *Adams* order. The District Court decision dismissing the case is presently before the U.S. Court of Appeals for the District of Columbia Circuit; oral argument is scheduled for April 1990.

Purpose and Method of Operation -- continued

In March 1988, Congress passed the Civil Rights Restoration Act of 1987 which expanded OCR's jurisdiction over programs or activities that receive Federal financial assistance. With the passage of the Civil Rights Restoration Act, OCR has experienced an increase in the number of complaints that have been filed.

OCR's compliance and enforcement responsibilities are divided into four general categories: complaint investigations, compliance reviews, enforcement litigation, and monitoring activities. In addition, OCR provides technical assistance to recipients of Education Department program funds, beneficiaries, the public, and organizations in an attempt to obtain voluntary compliance with civil rights laws and to inform beneficiaries of their rights. Operations are carried out by staff in headquarters and in the 10 regional offices. The majority (approximately 77 percent) of OCR's staff are assigned to the regional offices where they conduct compliance reviews and complaint investigations.

This is a current-funded program for which funds are available from October 1 to September 30. The level of funding is dependent upon the availability of appropriations.

Accomplishments

COMPLIANCE AND ENFORCEMENT ACTIVITIES

Complaint Investigations

OCR's primary responsibility is to investigate and resolve complaints alleging civil rights discrimination by recipients of Federal funds against individuals served. During 1989, OCR received 2,827 complaints and closed 3,209 (some of which had been filed before the beginning of the fiscal year). Of the complaints received, 62 were the result of one individual's complaints primarily about sex discrimination in the coverage of school health insurance plans. Overall, 76 percent of the cases pending during the year were closed. OCR had 1,028 pending complaints as of September 30, 1989.

Complaints were received on the basis of discrimination against handicapped persons in 56 percent of the cases filed, followed in descending order by race (13 percent), multiple bases (13 percent), sex (7 percent), age (4 percent), and national origin (3 percent). Complaints citing other bases accounted for 4 percent.

The complaints received involving elementary and secondary institutions comprised 64 percent of the 1989 complaints. Twenty-seven percent of the complaints received involved postsecondary institutions, 2 percent involved vocational rehabilitation institutions, and 7 percent involved other institutions. During 1989, 78 percent of the complaints received involved issues of service delivery to students, while most of the remainder alleged employment discrimination.

Accomplishments — continued

Compliance Reviews

For compliance reviews, unlike complaint investigations, OCR selects sites, based on survey data and other indicators, where there are potential problems of compliance with civil rights laws. In 1989, OCR initiated 138 compliance reviews and closed 178 reviews, some of which were initiated in previous years. OCR had 22 compliance reviews open as of September 30, 1989.

Sixty-one percent of the compliance reviews initiated in 1989 involved programs or activities at the elementary and secondary education level. Reviews conducted at the elementary and secondary education level covered the issues of free appropriate public education, within-school discrimination, vocational education, special purpose schools, segregated schools, and employment. Three compliance reviews were initiated at vocational rehabilitation institutions. The remaining compliance reviews initiated in 1989 were conducted at postsecondary education institutions and covered such issues as admissions, vocational education, student services, program accessibility for the handicapped, intercollegiate athletics, and employment.

ENFORCEMENT LITIGATION

When OCR finds that a recipient of Federal funds has violated one of the civil rights laws and is unable to obtain voluntary compliance, it proceeds in one of two ways: initiates an administrative enforcement proceeding seeking to terminate Federal financial assistance, or refers the matter to the Department of Justice to seek injunctive relief in Federal court. In 1989, OCR initiated five administrative proceedings and continued processing 15 others already in progress. A significant settlement was concluded in the administrative proceeding against the Chicago Board of Education. Chicago agreed to eliminate its existing and projected backlog of handicapped students awaiting evaluations and placements, pursuant to Section 504 of the Rehabilitation Act of 1973. OCR had obtained a ruling by an Administrative Law Judge that Chicago violated Section 504 of the Rehabilitation Act of 1973 in this respect. No cases were referred to the Department of Justice in 1989.

ROUTINE AND ENFORCEMENT MONITORING

In 1989, OCR issued 888 letters of findings which state the outcome of each of the 773 complaint investigations and 115 compliance reviews in which civil rights violations were identified. In several cases, remedial action was planned before the cases were closed. Of the 3,387 cases closed in 1989, 638 complaint investigations, 112 compliance reviews, and 10 monitoring reviews will require follow-up monitoring of remedial plans.

OCR has advised States of the corrective action necessary to resolve identified deficiencies and the actions OCR intends to take to ensure that States comply with their Vocational Education Methods of Administration under the Vocational Education Guidelines. Each State must submit a report

Accomplishments -- continued

annually that details its methods for administering its civil rights responsibilities, which include program monitoring and compliance reviews. Based on these reports, 11 States were monitored. OCR also required five States (Georgia, Tennessee, Minnesota, Texas and Utah) to submit corrective action plans to address major or minor deficiencies in their Vocational Education Methods of Administration.

OCR continued to work with States on their higher education desegregation plans in ensuring compliance with Title VI of the Civil Rights Act of 1964. Based on information received from Georgia, Oklahoma and Missouri, OCR notified these States on March 17, 1989, that their systems of public higher education were in compliance with Title VI and no further actions were required.

Other States were still not in full compliance, but were moving towards it. On October 30, 1989, OCR notified Delaware that it was in compliance with Title VI, subject to the completion of one construction project. Florida was notified that it had completed all required measures except for renovation of four buildings at an historically black institution. Virginia has been notified that an on-site visit to an historically black institution will be undertaken in the near future in order to collect additional information needed to complete an assessment of Virginia's activities pursuant to the Plan. OCR is also in the process of evaluating the final compliance of Texas, Kentucky, and Pennsylvania.

During 1990, OCR will issue its final determination regarding Kentucky's compliance with its Plan and will prepare comprehensive status reports summarizing the higher education desegregation activities of Maryland, Pennsylvania, and Texas.

TECHNICAL ASSISTANCE

OCR's technical assistance consists of the provision of information and other services designed to inform beneficiaries of their rights and/or to facilitate voluntary compliance with civil rights laws. Technical assistance may be provided in the context of a complaint investigation or a compliance review to assist recipients in achieving voluntary compliance. Technical assistance also may be provided in situations not involving an investigation or a compliance review. OCR provides technical assistance primarily in response to requests from Department of Education award recipients and beneficiaries, usually through training, workshops, meetings, on-site consultations, and telephone consultations. OCR also initiates outreach efforts with recipients and beneficiaries to address recurring compliance problems and unique regional needs.

Accomplishments -- continued

In 1989, OCR received 2,140 requests for technical assistance, initiated 586 outreach efforts, and conducted 3,176 technical assistance activities. Most requests for technical assistance from ED recipients and beneficiaries addressed handicap concerns, while OCR's outreach activities addressed all civil rights laws enforced by OCR. More than 300,000 copies of OCR publications were distributed through direct mailings to recipients and beneficiaries, attendance at meetings, on-site distribution to recipients, and information booths at civil rights conventions.

OCR regional offices developed systematic approaches for analyzing a variety of information sources (e.g., complaint data, technical assistance data, vocational education methods of administration reports, regional experience, contacts with key educational entities and community organizations) to identify recurring and emerging civil rights issues. The regional offices also conducted roundtable meetings with Chief State School Officers and chief administrators of postsecondary education institutions designed to address significant civil rights issues identified by OCR and to develop cooperative technical assistance activities. In addition, they sponsored conferences for development of cooperative technical assistance activities and for State educational agencies, local educational agencies, and postsecondary institutions to address a variety of civil rights issues (e.g., sexual harassment, employment, and free appropriate public education). OCR's regional offices also participated in beneficiary organization- sponsored conferences representing historically underserved populations throughout the regions, and disseminated newsletters and issued bulletins to local education agencies and postsecondary education institutions on recurring and emerging civil rights issues.

To expand the presence of OCR headquarters in the conduct of technical assistance activities, headquarters staff participated in several major national events and conferences in the Washington, D.C., metropolitan area (e.g., the award Ceremony of the National Elementary and Secondary School Recognition Program; the Handicapped Awareness Week at the American University; the American College Health Association Conference; the National Capital Area Disabled Student Services Coalition Conference; and the National Association for Equal Opportunity in Higher Education Conference). At these events, OCR made presentations, disseminated information and responded to questions about its activities.

OCR negotiated 11 formal Memoranda of Understanding (MOU) with State education and human rights agencies during FY 1989, bringing the total number of formal MOUs in place to 79 as of September 30, 1989. An MOU is an agreement initiated to facilitate meeting the mutual civil rights compliance objectives of States and human rights agencies. In addition to the formal MOUs, OCR has a number of informal agreements with State and local human rights agencies. Pursuant to these agreements, OCR regional offices conducted a number of activities with State educational and human rights agencies, including: exchange of complaint/compliance review and technical

Accomplishments -- continued

assistance information; identification of technical assistance and training needs; provision of access to statistical and financial information; and conduct of joint technical assistance activities, complaint investigations, and compliance reviews. OCR is negotiating changes to 7 existing MOUs and negotiating new MOU~~s with 27~~ agencies.

1991 Budget Proposal

The 1991 budget request for the Office for Civil Rights is $49,900,000 and 820 FTE, an increase of $5,328,000 and 18 FTE from the 1990 level.

The request for personnel compensation and benefits of $39,328,000 is an increase of $2,892,000 from 1990 as a result of the additional 18 FTE, annualization of the 1990 3.6 percent pay increase, the proposed 1991 3.5 percent pay increase, an increase of approximately 22 percent for Executive Level and SES employees, the additional paid day in 1991, estimated increases in health benefits and retirement costs, and overtime to meet compliance review deadlines.

The additional FTE will enable OCR to provide resources to several areas that have been noted as concerns by both House and Senate Appropriations Committees, including:

1) Expanded compliance reviews--both the number conducted and the complexity--to strengthen civil rights enforcement. With the additional staff resources, OCR will be able to conduct compliance reviews of systemic discrimination, such as school admission standards, that will have broad impact. These will include reviews embracing multiple issues and areas in civil rights law that have not been addressed recently by compliance reviews. Inital plans provide for a substantial increase in the number of Title VI (race, color, and national origin) reviews to be undertaken.

2) Increased technical assistance to grant recipients.

3) Follow-up monitoring of compliance reviews and complaint investigations to determine whether resolutions are being adhered to. Additional staff will enable OCR to review monitoring reports from recipients whose cases are closed based on a remedial action plan, and to conduct on-site monitoring when needed to verify that agreed upon actions have taken place.

These activities had been curtailed in previous years due to funding levels that restrained hiring and travel. OCR had instead focused its resources primarily on conducting complaint investigations. The increased

1991 Budget Proposals -- continued

enforcement efforts will address several of the concerns made by the majority staff of the House Committee on Education and Labor in its report issued in December 1988.

In addition to the increase in personnel compensation and benefits, other major increases include:

- $513,000 for travel in order to 1) provide more technical assistance to the education organizations and other interested parties on enforcement and compliance of civil rights laws; 2) conduct a greater number of, and more complex compliance reviews; and 3) increase the number of monitoring visits following the close-out of compliance reviews and complaint investigations to ensure compliance with findings. These travel activities had been reduced in recent years due to budget constraints.
- $75,000 in non-GSA telecommunications for acquisition of telecommunications systems and installation of telecommunications lines to provide needed communication links between regional offices and headquarters for OCR information technology systems.
- $155,000 for printing, primarily for technical assistance materials in order to supplement outreach efforts and to print letterhead paper for regional offices, some of which was deferred from 1989 and 1990 due to budget constraints.
- $168,000 for training costs, including training of new employees, supervisory training in regional offices, and training for investigators on the conduct of complaint investigations and compliance reviews. Due to budget constraints, training has been kept to minimal levels since 1988.
- $132,000 for non-ADP contracts primarily to cover a $100,000 increase in litigation support services and small increases for other contracts, including the costs of interpreters, publication storage, and moving services.
- $153,000 for supplies, including office automation software and supplies. Due to budget constraints in 1989 and 1990, the purchase of supplies was kept to a minimum level.
- $605,000 for ADP equipment. The increase includes $525,000 for personal computers and related equipment for approximately 92 work stations to replace broken, out-dated equipment so that OCR can conduct its operations efficiently. In addition, $145,000 is for OCR's share of the Department's installation of a Local Area Network which will connect the technology systems of the regional offices and headquarters.

1991 Budget proposal — continued

- $734,000 for ADP services, some of which were deferred from 1990 because of a lack of sufficient funds. Major projects which will be supported in 1991 include: Elementary and Secondary Civil Rights Survey ($495,000), which will provide data for OCR regional offices to use in making preliminary targeting determinations for compliance review sites; Automated Information Management System ($100,000), which will collect and record all case-related data; and General Education Provisions Act Report ($120,000), which is a congressionally mandated report on recipients of Departmental funds.

Workload data

Workload data are provided on the following page.

11-Jan-90

OFFICE FOR CIVIL RIGHTS WORKLOAD DATA

	Actual								Estimate		
	1981	1982	1983	1984	1985	1986	1987	1988	1989	1990	1991
Appropriation ($000)	46,915	45,038	44,868	44,396	45,000	44,580	43,000	40,530	41,635	44,572	49,906
FTE Usage	1,099	978	941	907	913	843	807	808	789	802	820
Workload Indicators:											
o Complaints received (includes re-opened cases)	2,889	1,840	1,946	1,934	2,240	2,648	1,976	3,532 (530)**	2,827	*	*
o Prior complaints	2,051	1,617	1,191	844	816	1,021	874	662	1,404	1,028	
Total complaints on hand	4,940	3,457	3,137	2,778	3,056	3,669	2,850	4,194	4,231	1,028	
o Complaints closed	3,321	2,272	2,264	1,966	2,045	2,795	2,194	2,789	3,209		
o Complaint closure rate	67.2%	65.7%	72.2%	70.8%	66.9%	76.2%	77.0%	66.5%	75.8%		
o Complaints on hand, EOY	1,619	1,185	844	812	1,011	874	656	1,405	1,028		
o Change in EOY complaints from 1980	-21.1%	-42.2%	-58.8%	-60.4%	-50.7%	-57.4%	-68.0%	-31.5%	-62.8%	-49.9%	
o Compliance Reviews			287	220	273	196	278	284	178		

*incomplete; OCR cannot project the volume of complaints or compliance reviews at this time.

** Complaints refiled as a result of OCR's expanded jurisdiction under the Civil Rights Restoration Act.

NOTE: Complaints closed in prior years and reopened during the current year are not counted as receipts but are included in the number of complaints on hand at the end of the fiscal year (EOY). Also, some cases on hand at the beginning of the year (prior complaints) had formal enforcement proceedings initiated. These cases are not counted as closures nor are they included in the number of complaints on hand, EOY. Therefore, the difference between total complaints on hand and complaints closed is not necessarily equal to the complaints on hand, EOY.

Detail of Full-Time Permanent Positions

	1989 Actual	1990 Estimate	1991 Request
Organization: OCR			
Executive level I			
Executive level II			
Executive level III			
Executive level IV	1	1	1
Executive level V			
Subtotal	1	1	1
ES-6			
ES-5			
ES-4	1	1	1
ES-3		1	1
ES-2		1	1
ES-1	1	2	2
Subtotal	2	5	5
GS/GM-16	0	0	0
GS/GM-15	26	21	28
GS/GM-14	55	48	53
GS/GM-13	138	130	127
GS-12	265	279	276
GS-11	65	48	59
GS-10	1	1	1
GS-9	40	28	29
GS-8	5	5	5
GS-7	40	53	53
GS-6	30	39	39
GS-5	62	66	64
GS-4	34	44	46
GS-3	2	5	5
GS-2	1	4	4
GS-1	0	0	0
Subtotal	764	771	789
Ungraded	0	0	0
Total full-time permanent positions	767	777	795
Unfilled positions, end of year	3	0	0
Total full-time permanent employment, end of year	764	777	795
Full-time equivalent (FTE) usage	789	802	820
Average ES grade	2.5	2.2	2.2
Average ES salary	$72,550	$74,065	$85,266
Average GS/GM grade	10.7	10.4	10.4
Average GS/GM salary	$36,937	$38,303	$39,417

JUSTIFICATION OF THE BUDGET ESTIMATES

DEPARTMENT OF EDUCATION

Office of the Inspector General

Fiscal Year 1991 Budget Request Page No.

Appropriation language.. T-1

Amounts available for obligation.............................. T-2

Budget authority by activity.................................. T-3

Budget authority by object.................................... T-4

Summary of changes.. T-5

Authorizing legislation....................................... T-8

Table of estimates and appropriations......................... T-9

Significant items in congressional appropriations reports....... T-10

Justification:

Activity:

1. Inspector General.................................. T-11

Detail of permanent positions................................. T-18

OFFICE OF THE INSPECTOR GENERAL

For expenses necessary for the Office of the Inspector General, as authorized by section 212 of the Department of Education Organization Act, [$23,381,000] $25,800,000. (Department of Education Appropriations Act, 1990.)

Office of the Inspector General

Amounts Available for Obligation

	1989	1990	1991
Appropriation:			
Annual	$18,179,000	$23,381,000	$25,800,000
Enacted supplemental	440,000	---	---
Sequester	---	-271,000	---
Subtotal, adjusted appropriation	18,619,000	23,110,000	25,800,000
Unobligated balance lapsing	-131,000	---	---
Total obligations	18,488,000[1]	23,110,000[1]	25,800,000

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[1] Excludes the following amounts for reimbursable activities carried out by this account: 1989 - $57,000; 1990 - $17,000.

Office of the Inspector General

Budget Authority by Activity

	1989		1990		1991	
	Appropriation	FTE	Appropriation	FTE	Request	FTE
1. Office of the Inspector General	$18,619,000	297	$23,110,000	330	$25,800,000	360

Office of the Inspector General

Budget Authority by Object
(in thousands of dollars)

	1989 Appropriation	1990 Appropriation	1991 Request
11.1 Full-time permanent	11,881	13,741	15,374
11.3 Full-time temporary	54	84	99
11.3 Part-time	58	75	122
11.3 Consultants	10	8	8
11.5 Overtime	7	10	1
11.5 Awards	113	114	135
11.8 Other compensation	0	0	0
11.0 Compensation subtotal	12,123	14,032	15,739
12.0 Benefits	1,975	2,410	2,875
11,12 Comp./benefits subtotal	14,098	16,442	18,614
13.1 Severance	14	14	14
21.0 Travel	1,138	1,538	1,597
22.0 Transportation of things	43	22	43
23.1 Rental payments to GSA	1,100	1,277	1,288
23.2 Non-GSA telecommunications	41	110	100
23.3 GSA telecommunications	304	402	296
23.4 ADP rentals	135	0	0
23.5 Postage/fees	84	79	79
23.6 Other equipment rentals	68	75	81
24.0 Printing	42	41	51
25.1 Interagency & reimbursables	195	251	298
25.2 Training	118	188	284
25.3 Equipment repair/mainten.	194	403	445
25.3 Building alterations/repair	72	40	40
25.4 Contracts (non-ADP)	318	1,169	1,457
25.4 Field Readers	0	0	0
25.6 ADP services contracts	84	237	372
25.0 Other services subtotal	981	2,288	2,896
26.0 Supplies	182	184	160
31.2 Equipment - non-ADP	38	72	50
31.4 Equipment - ADP	219	566	531
43.1 Interest and dividends	1	0	0
Total Obligations	18,488	23,110	25,800
Lapse	131	0	0
Budget Authority	18,619	23,110	25,800

Office of the Inspector General

Summary of Changes

1990 Appropriation	$23,110,000
1991 Request	25,800,000
Net change	+2,690,000

	1990 base	Change from base
Increases:		
Built in:		
1. Increase in compensation for annualization of the 1990 3.6 percent pay raise, the proposed 3.5 percent pay raise for 1991, Senior Executive Service and Executive level pay raises averaging 22 percent, within-grade increases for GS employees, merit pay increases for GM employees, career-ladder promotions, and an additional paid day in 1991	$14,032,000	+$401,000
2. Increase in compensation to support the additional 30 FTE	14,032,000	+1,306,000
3. Increase in benefits for both the Civil Service and Federal Employees' Retirement Systems, increases for the Government's share of health benefits, and other benefits costs related to the pay raises	2,410,000	+222,000
4. Increase in benefits to support the 30 additional FTE	2,410,000	+243,000
5. Net increase in rent due to rate increases and the increase of 30 additional FTE	1,277,000	+11,000

Office of the Inspector General

Summary of changes - continued

	1990 base	Change from base
Increases:		
Program:		
1. Increase in travel costs for audits and investigations, particularly at proprietary schools, by both new and current staff................	$1,538,000	+$59,000
2. Increase in transportation of things to assist with employee relocation costs.............	22,000	+21,000
3. Increase in equipment rentals.	75,000	+6,000
4. Increase in printing due to the need for audit guides and other materials for the additional staff...............	41,000	+10,000
5. Increase in interagency agreements for increased audit services by the Defense Contract Audit Agency and the Department of Health and Human Services, and increased common support expenses, such as payroll processing, associated with the staff increase......	251,000	+47,000
6. Increase in training for new and current staff.............	188,000	+96,000
7. Increase in equipment repair and maintenance for ADP equipment......................	403,000	+42,000
8. Increase in contracts to initiate work by certified public accountants to conduct a pilot project for the mandated non-Federal audits of participating schools' student financial aid funds...........	1,169,000	+350,000

Office of the Inspector General

Summary of changes - continued

	1990 base	Change from base
Increases:		
Program:		
10. Increase in ADP contracts for programming and central services costs.............	$237,000	+$135,000
Subtotal...................		+2,987,000
Decreases:		
Built in:		
1. Decrease in non-GSA telecommunication charges.........	110,000	-10,000
2. Decrease in GSA telecommunications charges due to implementation of the government-wide initiative FTS 2000 which is estimated to reduce long-distance voice and data communications costs.....	402,000	-106,000
Decreases:		
Program:		
1. Decrease in contracts due to completion of the independent audit of the Inspector General's Audit Service.......	1,169,000	-100,000
2. Decrease in the purchase of non-capitalized ADP software.. and ADP supplies..............	184,000	-24,000
3. Decrease in purchases of ADP equipment, office machines, furniture, and other equipment	566,000	-57,000
Subtotal...................		-297,000
Net change.................		+2,690,000

Office of the Inspector General

Authorizing Legislation

Activity	1990 Authorized	1990 Appropriation	1991 Authorized	1991 Request
1. Inspector General (P.L. 96-88, Section 212)	Indefinite	$23,110,000	Indefinite	$25,800,000

Office of the Inspector General

Table of Estimates and Appropriations

	Budget Estimate to Congress	House Allowance	Senate Allowance	Appropriation[1]
1982	$12,989,000	$12,989,000	$11,464,000	$11,435,000
1983	12,840,000	12,840,000	12,840,000	12,840,000
1984	(14,395,000)[2]	12,989,000	12,989,000	12,989,000
1985	(15,312,000)[2]	15,312,000	15,312,000	15,312,000
1986	(15,281,000)[2]	15,281,000	15,312,000	15,312,000
1986 Sequester				-658,000
1987	(16,378,000)[2]	16,378,000	16,378,000	16,378,000
1988	(18,495,000)[2]	18,341,000	18,341,000	17,560,000
1989	17,911,000	17,911,000	18,400,000	18,179,000
1989 Supplemental	---	---	440,000	440,000
1990	22,000,000	22,000,000	23,381,000	23,381,000
1990 Sequester				-271,000
1991	25,800,000			

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[1] Reflects enacted supplementals in amounts appropriated prior to fiscal year 1985.

[2] Requested in the Salaries and Expenses account.

Office of the Inspector General

Significant Items in Congressional Appropriations Reports

Item	Action taken or to be taken
1990 Senate Report	
The Committee has provided funding so that the Inspector General can enhance and expedite investigations into systemic vulnerabilities in student aid programs involving postsecondary institutions, especially proprietary schools. Specifically, the Inspector General is to complete investigations and publish findings regarding whether the Secretary of Education is doing an adequate job of evaluating and certifying accrediting bodies.	The report on the Department's accrediting process should be completed around February 1, 1990.

Office of the Inspector General

	1990 Appropriation	1991 Request	Increase or Decrease
Budget authority..........	$23,110,000	$25,800,000	+$2,690,000
FTE employees (workyears).	330	360	+30

Purpose and Method of Operation

The Office of the Inspector General (OIG) has authority to inquire into all program and administrative activities of the Department and related activities of all parties performing under contracts, grants, or other agreements with the Department. These inquiries, made by staff both in headquarters and the regional offices, or by contracted auditors, may be through audits, investigations, or other appropriate measures.

Audits of Department programs and operations are conducted to determine compliance with applicable laws and regulations, economy and efficiency of operations, and/or effectiveness in achieving proper results. Investigations are made of allegations of fraud on the part of recipients of Department program funds and of employee misconduct involving the Department's programs and operations. The OIG does not administer any programs directly.

OIG's first priority is to identify and investigate fraud and abuse by recipients of the Department's funds. OIG has assessed the student financial assistance (SFA) area as the most vulnerable to fraud and abuse. OIG, therefore, is concentrating a substantial amount of its audit and investigative efforts to identifying causes of SFA problems and potential solutions, as well as to auditing and investigating those alleged to be misusing the SFA programs.

OIG audit and investigative activities have identified significant problems with the administration of student financial aid funds by recipient institutions, in particular by proprietary (i.e., operated for profit), schools. Many of these audits and investigations have resulted from allegations made by students or former students who complain of false and misleading recruitment practices, including deceptive statements regarding the type and quality of training they would receive and job placement possibilities. In these cases, the student, who the program is designed to serve, is often left untrained or ill-trained, is unable to obtain a job in the occupation area, is further in debt as a result of the student loan and, in the likely event of a default, is unable to get another loan to obtain meaningful training.

Purpose and Method of Operation -- Continued

OIG has determined that problems, especially with proprietary schools, are occurring in the following areas:

- Accreditation, eligibility, and certification--In order to participate in Federal student financial assistance programs, a school must be accredited by an accrediting body that has been recognized by the Secretary of Education. It must also pass other eligibility and certification requirements. The Department must rely on the work of the accrediting bodies, since the Department does not visit an institution to ensure that accreditation should have been granted or to validate what the institution reports about its program, such as course length, before granting certification. For example, in its civil case against Continental Training Services, Inc./Superior Training Services, Inc., the Department alleges that false documents were submitted by the institution to an accrediting agency, resulting in an accreditation which should not have been granted. The Department relied on the institution's accreditation, with the result that eligibility was granted and the institution's program certified when it should not have been. The Department contends that the institution, therefore, never was qualified to participate in the SFA programs, and that any SFA funds received by Continental/Superior should therefore be returned.

- Loan collections (due diligence requirements)--The Stafford Loan program regulations require that lenders and guarantee agencies perform minimum loan servicing activities. In some cases, these minimal activities have not been performed (e.g., UES/Bank of America).

- Branch campuses--In some cases, students at otherwise ineligible campuses obtain Federal aid through arrangements with eligible schools (e.g., North American Education Center).

- Ability to benefit--Students without a high school diploma or its equivalent may be enrolled in an institution under an "ability to benefit" criteria (as determined by a test or counseling) and be eligible for Federal student aid. Some institutions have falsified "ability to benefit" test results, or supplied false documentation for high school degrees (e.g., Hausman Computer School).

- Course length/course stretching--Program regulations specify that in order for programs to be considered eligible for student financial assistance, they must be of a certain length. In some cases, programs have been developed with a lot of "filler" to stretch the time required to meet the minimum number of course hours for program eligibility (e.g., security guard training).

Purpose and Method of Operation -- Continued

OIG's second priority is to provide an adequate level of audit coverage for Chapter 1, Impact Aid, and Vocational and Adult Education, and other elementary, secondary, and special education program areas, as well as adequate audit coverage for the Department's contracts, financial accounting, and ADP systems.

The third priority is oversight of audits performed by non-Federal auditors. OIG reviews these audits to assure that work performed by non-Federal auditors is done in accordance with the appropriate standards. Oversight activities include providing technical assistance to program offices, performing desk reviews of audit reports, performing quality control reviews of auditors' workpapers on a sample basis, and providing assistance to program offices in handling and resolving issues noted in the non-Federal audit reports. The Department relies on these non-Federal audits as a significant part of its program monitoring effort, especially for student financial assistance programs.

This is a current-funded program for which funds are available from October 1 to September 30. The level of funding is dependent upon the availability of appropriations.

Accomplishments

Many programs require that grantees submit to the Department of Education audit reports prepared by independent public accountants. In 1989, the OIG issued or processed 5,519 audit reports prepared by non-Departmental auditors on Department operations, grantees, contractors, or other participants in Department programs. OIG also issued or processed 135 audits prepared by OIG auditors. The audit reports questioned costs of $408 million. Recoveries of funds questioned in 1989 and prior years were $43 million in 1989. The OIG estimates that if recommendations for improving management and program procedures included in the audit reports are implemented, the result would be a more effective or efficient use of approximately $274 million in program and administrative funds.

In 1989, 864 investigations and inquiries were completed. The investigations that substantiated criminal wrongdoing resulted in referral of 326 cases to prosecutors. Of the 326 cases referred, 203 were accepted and 123 were declined. OIG investigations led to 214 indictments and 203 convictions and pleas, and to 3 civil filings in 1989. In addition, 17 individuals or entities were debarred from doing business with any Government agency, and 10 were suspended. The dollar impact derived from investigative activities in 1989 includes: fines ordered of $56,040, restitutions ordered of over $4.7 million, restitution payments collected of $361,326, civil judgments of more than $82,000, civil settlements of more than $159,000, better use of

Accomplishments -- Continued

funds totalling $264,792, an administrative fine of $1.5 million, and actual recoveries of $652,000.

In 1989, OIG closed 109 complaints received on the OIG Hotline. These complaints alleged fraud, waste, or mismanagement of Federal funds by school officials, students, or Department employees. Of the number of complaints closed, 24 were substantiated and resulted in corrective action by the Department. Reports of suspected abuses within any of the Department's programs such as student loan abuses, including defaults, can be reported on the toll-free number: 1-800-MIS-USED. Anonymity of the caller is assured.

1991 Budget Proposal

The 1991 request is for $25,800,000, an increase of $2,690,000 above the 1990 appropriation of $23,110,000. The proposed staffing for OIG in 1991 is 360 FTE, 30 above the 1990 estimated usage level of 330 FTE.

OIG's first priority is to identify and investigate fraud and abuse by recipients of the Department's funds. OIG, therefore, is concentrating 75 percent of its audit and investigative staff time (approximately 202 FTE) that remains after meeting its mandated activities (approximately 90 FTE) to identifying causes of SFA problems and potential solutions, as well as to auditing and investigating those alleged to be misusing the SFA programs.

Sixteen of the additional 30 FTE in 1991 would be assigned to perform audits, with 15 of the FTE assigned to regional offices and 1 assigned to headquarters. With this staffing level, 5,800 non-Federal audit reports would be reviewed and processed by OIG (100 more than in 1990), including 3,000 audits (the same number as in 1990) prepared under the Single Audit Act, which allows one audit to cover all the Federal funds administered by an entity, 141 program audits would be completed (8 more than in 1990), and 14 internal audits would be completed (2 more than in 1990). In addition, 300 quality control reviews of non-Federal auditors' workpapers would be performed to assure that audits of postsecondary institutions prepared by independent public accountants are done properly and in accordance with the appropriate standards. This is necessary since past reviews by OIG have shown that the work done by many non-Federal auditors is inadequate.

Eleven additional FTE would be assigned to regional offices to perform investigations. Although the staff level for investigations would increase in 1991, the number of investigations completed would decrease from 1990. In 1990, OIG is concentrating on a larger number of smaller investigations than in 1991. These smaller investigations require less staff time per

1991 Budget Proposal -- Continued

investigation. In 1991, OIG would have sufficient staff to concentrate on large-scale investigations, such as those involving national chains of proprietary schools, which require more staff time per investigation.

The rest of the FTE increase, 3 FTE, would provide such staff support as the typing of audit reports, training time, and increased coverage for Hotline calls. The number of calls is expected to increase as a result of the Default Initiative and publicity about the toll-free number.

The major costs for 1991 are:

o A total of $18.6 million for personnel compensation and benefits. This is an increase of $2.2 million over 1990. Of the increase, $1.5 million is for 30 additional FTE, and $627,000 is for annualization of the 1990 3.6 percent pay raise, a proposed 1991 pay raise of 3.5 percent, the Senior Executive Service and Executive level pay raises, merit pay increases, and increases in the average benefits rate for health insurance, retirement, and other benefits costs.

o $1.6 million in travel, an increase of $59,000 over 1990, for audits and investigations, particularly at proprietary schools, by both new and current staff. This level of funding provides 50 days of travel per field auditor and 60 days of travel per field investigator in 1991. This is the same rate as in 1990; however, the number of field auditors and investigators will increase by 26 in 1991.

o A total of $1.5 million in contracts including:

-- $350,000 to initiate a contract for work by certified public accountants to conduct a pilot project for the mandated non-Federal audits of participating schools' student financial aid funds. Currently, a participating school hires auditors to perform an audit for the school, then sends that audit to the Department where it is reviewed by OIG and by the Office of Postsecondary Education. Because of this arrangement, the auditor is directly accountable to the school, not to the Department. Under the new contract, OIG would hire the auditors, resulting in direct accountability of the auditors to OIG rather than to the institution of higher education. This pilot project would enable the Department to determine whether the non-Federal audits give an objective view of a participating institution's financial situation and compliance with student financial assistance regulations. Also, this contract would require independent public accountants to perform specific audit procedures at institutions and agencies that make Stafford loans to assure proper use of these funds. These procedures will focus on examinations of the financial reports, compliance with laws and regulations, and the adequacy of internal control systems.

-- $500,000 to continue the policy begun in 1990 to contract with independent public accountants to perform closeout audits on contracts. Although OIG is required by the Federal Acquisition Regulations and the Competition in Contracting Act of 1984 to do closeout audits of all cost-type contracts over $250,000, prior to 1990 OIG was able to perform closeout audits only on contracts exceeding $1 million, with the Grants and Contracts Service performing desk reviews on contracts in the $250,000 to $1 million range. This contract will enable OIG to continue to cover closeout audits of all contracts in the $250,000 to $1 million range. The Department has about 200 to 300 contracts annually that fall within this range.

-- $400,000 to continue to contract with independent public accountants to perform audits of State education and vocational rehabilitation agencies, particularly the methods by which these agencies allocate their indirect (overhead) costs against grants made by the Department. The Single Audit Act does not require that audits address the indirect cost allocation issue. However, where audits reviewed by OIG have addressed indirect cost allocation, they indicated major problems with State procedures. These audits will provide data needed by the Grants and Contracts Service to negotiate indirect cost allocation rates with the State agencies.

-- $50,000 to continue to contract for an ADP consultant to perform activities such as reviews of data base management, telecommunications, and computer applications.

-- $50,000 to increase the usage of an expert statistician, to ensure that any statistical sampling used in auditing is methodologically correct.

o $96,000 increase in training, to $284,000, will provide training funds for the additional staff, as well additional training for current staff. This will enable OIG to meet the 40 hours per year training standard for auditors established by the General Accounting Office.

o $1.3 million for ADP equipment maintenance and services, including programming for the Data General system and microcomputers, and ADP equipment purchases, including OIG's share of the Department's installation of a Local Area Network (LAN) and microcomputer purchases.

Office of the Inspector General

Impact Data	1989	1990	1991
Reports by non-Departmental auditors issued or processed	5,519	5,700	5,800
Reports issued by OIG auditors	135	145	155
Cases and inquiries closed	864	650	625
Hotline complaints center allegations of fraud, waste, or mismanagement of ED funds--cases closed	109	130	130
Hotline "consumer" calls	3,000	5,000	5,000
Legislative and regulatory documents reviewed	367	436	480
Travel days per field auditor	34	50	50
Travel days per field investigator	49	60	60

Detail of Full-Time Permanent Positions

Organization: OIG

	1989 Actual	1990 Estimate	1991 Request
Executive level I			
Executive level II			
Executive level III			
Executive level IV	1	1	1
Executive level V			
Subtotal	1	1	1
ES-6			
ES-5			
ES-4	2	2	2
ES-3	0	1	1
ES-2	3	2	2
ES-1			
Subtotal	5	5	5
GS/GM-16	0	0	0
GS/GM-15	24	24	24
GS/GM-14	24	24	24
GS/GM-13	83	83	83
GS-12	63	66	76
GS-11	28	25	35
GS-10	0	0	0
GS-9	35	38	48
GS-8	3	0	0
GS-7	27	27	27
GS-6	11	11	11
GS-5	16	17	17
GS-4	6	5	5
GS-3	1	1	1
GS-2	0	0	0
GS-1	0	0	0
Subtotal	321	321	351
Ungraded	0	0	0
Total full-time permanent positions	327	327	357
Unfilled positions, end of year	0	0	0
Total full-time permanent employment, end of year	327	327	357
Full-time equivalent (FTE) usage	297	330	360
Average ES grade	2.8	3.0	3.0
Average ES salary	$74,260	$76,285	$88,540
Average GS/GM grade	11.0	11.0	11.0
Average GS/GM salary	$40,454	$42,107	$43,813

JUSTIFICATION OF THE BUDGET ESTIMATES

DEPARTMENT OF EDUCATION

Program Administration

Fiscal Year 1991 Budget Request ... Page No.

Appropriation language ... R-1

Explanation of language change ... R-1

Language analysis ... R-2

Amounts available for obligation ... R-3

Budget authority by activity ... R-4

Budget authority by object ... R-5

Summary of changes ... R-6

Authorizing legislation ... R-12

Table of estimates and appropriations ... R-13

Significant items in congressional appropriations reports ... R-14

Justification:

Activity:
1. Program administration ... R-15

Supplementary materials:
1. Summary of full-time equivalent employment (FTE) by office ... R-33
2. Summary of budget authority by office ... R-34
3. Advisory councils and committees ... R-35
4. Advisory and assistance services ... R-36
5. Rent ... R-41
6. Detail of permanent positions ... R-42

PROGRAM ADMINISTRATION

For carrying out, to the extent not otherwise provided, the Department of Education Organization Act, including rental of conference rooms in the District of Columbia and hire of three passenger motor vehicles, [$274,946,000] $331,000,000: Provided, That no funds appropriated under this heading shall be used for the purposes of carrying out section 483(f) of the Higher Education Act, as amended.1/ (Department of Education Appropriations Act, 1990.)

Explanation of Language Change

1/ This language is proposed to override the statutory requirement that the Department provide to institutions a standard form similar in color to checks issued by the Treasury Department and require the institutions to use the form for notifying recipients of Federal student aid.

Program Administration

Language Analysis

Language Provision	Explanation
...Provided, That no funds appropriated under this heading shall be used for the purposes of carrying out section 483(f) of the Higher Education Act, as amended.	This provision prohibits the use of Program Administration funds for developing, furnishing and requiring postsecondary education institutions to use a standard student aid report form similar in color to Treasury checks listing for each student recipient all Federal assistance received.

Program Administration

Amounts Available for Obligation

	1989	1990	1991
Appropriation:			
Annual	$255,497,000	$274,946,000	$331,000,000
Enacted Rescission	-5,533,000	---	---
Reduction pursuant to P.L. 99-177	---	-3,643,000	---
Enacted transfer from School Improvement Programs	500,000	2,000,000	---
Subtotal, adjusted appropriation	250,464,000	273,303,000	331,000,000
Unobligated balance, start of year	---	494,000	---
Unobligated balance, end of year	-494,000	---	---
Unobligated balance lapsing	-455,000		---
Total obligations	249,515,000 1/	273,797,000 1/	331,000,000 1/

1/ Excludes the following amounts for reimbursable activities carried out by this account: 1989 - $31,964,000; 1990 - $29,970,000; 1991 - $27,885,000.

Program Administration

Budget Authority by Activity

	1989		1990		1991	
	Appropriation	FTE	Appropriation	FTE	Request	FTE
1. Postsecondary education...	$84,353,000	1,025	$95,703,000	1,090	$124,578,000	1,120
2. Other education programs..	61,328,000	1,181	69,087,000	1,218	77,105,000	1,244
3. Executive direction.......	104,783,00	1,091	108,513,000	1,129	129,317,000	1,131
Total...................	250,464,000	3,297	273,303,000	3,437	331,000,000	3,495

NOTE--The amounts for each activity reflect the Department's distribution of the total funds appropriated each year for Program Administration.

Program Administration

Budget Authority by Object

(in thousands of dollars)

	1989 Appropriation	1990 Appropriation	1991 Request
11.1 Full-time permanent	123,814	132,532	140,989
11.3 Full-time temporary	2,589	5,107	6,083
11.3 Part-time	1,245	1,268	1,419
11.3 Consultants	934	846	773
11.5 Overtime	524	494	558
11.5 Awards	1,578	1,546	1,715
11.8 Other compensation	108	124	124
11.0 Compensation subtotal	130,792	141,917	151,661
12.0 Benefits	20,063	23,652	27,202
11,12 Comp./benefits subtotal	150,855	165,569	178,863
13.1 Severance	170	0	0
21.0 Travel	3,721	4,577	6,157
22.0 Transportation of things	129	89	130
23.1 Rental payments to GSA	19,354	18,574	18,495
23.2 Non-GSA telecommunications	1,349	1,816	2,195
23.3 GSA telecommunications	3,907	3,705	2,851
23.4 ADP rentals	251	145	135
23.5 Postage/fees	1,037	5,418	7,355
23.6 Other equipment rentals	880	973	978
24.0 Printing	6,667	6,087	9,022
25.1 Interagency agreements	5,088	4,420	5,051
25.2 Training	652	624	674
25.3 Equipment repair/mainten.	1,372	153	161
25.3 Building alterations/repair	768	506	1,100
25.4 Contracts (non-ADP)	7,008	10,040	14,461
25.4 Field readers	1,222	1,277	1,585
25.6 ADP services contracts	38,765	46,970	76,274
25.0 Other services subtotal	54,875	63,990	99,306
26.0 Supplies	2,158	1,490	1,842
31.2 Equipment - non-ADP	381	548	1,802
31.4 Equipment - ADP	3,773	322	1,869
43.1 Interest and dividends	8	0	0
Total Obligations	249,515	273,303 1/	331,000
Unobligated balance	494 2/		
Lapse	455	0	0
Budget Authority	250,464	273,303	331,000

1/ Excludes $494 thousand in obligations for a national summit conference on education.

2/ Reflects unobligated funds available for a national summit conference on education.

Program Administration

Summary of Changes

1990 Appropriation..	$273,303,000
1991 Request..	331,000,000
Net change............	+57,697,000

	1990 base	Change from base
Increases:		
Built in:		
1. Increase in compensation for annualization of the 1990 3.6 percent pay raise, the 3.5 percent 1991 proposed pay raise for GS and GM employees and an additional proposed pay raise averaging 22 percent for SES and Executive level employees; the extra paid day in 1991; and merit pay increases for GM employees.....	$141,917,000	+$7,131,000
2. Increase in compensation to support an additional 58 FTE......	141,917,000	+2,380,000
3. Increase in benefits to support the 58 additional FTE..........	23,652,000	+420,000
4. Increase in benefits for both the Civil Service and Federal Employees' Retirement Systems, increases for the Government's share of health benefits, and other benefits costs resulting from the 1990 and proposed 1991 pay raises......................	23,652,000	+3,130,000
Increases:		
Program		
1. Increase in performance awards for GM and career SES employees resulting in part from the 1990 and 1991 pay raises and from increased FTE....................	1,546,000	+169,000

Program Administration

Summary of Changes — Continued

Increases:	1990 base	Change from base
Program		
2. Increase in travel for on-site student aid program reviews, for travel associated with the Department's default initiative, and for program monitoring......	$4,577,000	+$1,580,000
3. Increase in non-GSA telecommunications to connect the 10 regional offices to the Department's administrative payment processing office at the National Finance Center and for installation of voice and data communications wiring for systems furniture workstations in the regions.................	1,816,000	+379,000
4. Increase in postage associated with the default initiative and Student Aid information mailing, and increased usage as reflected in U.S. Postal Service audits.........................	5,418,000	+1,937,000
5. Increase in printing for default prevention initiatives and to expand the Student Guide brochure........................	6,087,000	+2,935,000
6. Increase in interagency agreements primarily for non-Federal training activities associated with administering the Student Aid programs and cost increases for payroll and bookkeeping services provided by other Federal agencies................	4,420,000	+631,000
7. Increase in training for regional employees and courses in microcomputer software applications....................	624,000	+50,000

Program Administration

Summary of Changes — Continued

Increases: Program:	1990 base	Change from base
8. Increase in building alterations and repairs for completion of space alterations and installation of systems furniture in the regions, for architectural and engineering surveys of the work environment in headquarter's buildings, and planning for the interior renovation of Federal Office Building-6 currently scheduled between 1992-1994........................	$506,000	+$594,000
9. Increase in contracts for the Student Aid public inquiry contract (which provides the toll-free information line required by law); updating the regional loans collections filing system; two new contracts to improve administration of the Student Financial Aid programs; improved management of debt collection activities; increased accountability of Department programs through evaluations and studies; and A-76 studies of Department operations...........	10,040,000	+4,421,000
10. Increase in field readers for an anticipated increase in the number of applications, for increased use of non-Federal readers of grant and contract applications to provide high quality reviews, and for increased travel costs..........................	1,277,000	+308,000

Program Administration

Summary of Changes — Continued

Increases: Program:	1990 base	Change from base
11. Increase in ADP services for Pell Grant processing contracts reflecting expansion of the Multiple Data Entry (MDE) processors from 4 to 5, provision of the Federal aid portion of the MDE application form free to students in 1991, expansion of general electronic support capability, revision of the Pell Grant model which forecasts program needs, and full funding in Program Administration of costs ($4,308,000) financed by unobligated program balances in 1990........................	$24,115,000	+$12,037,000
12. Increase in ADP services for administering the Guaranteed Student Loans/Perkins Loans contract for increased processing and development of tracking mechanisms for the Department's default initiatives and accounting subsystems.......	9,725,000	+2,315,000
13. Increase in ADP services for greater accountability of the Department's financial and accounting systems through upgrade of minicomputers used for administrative functions, improvement of the financial feeder systems, replacement of the grant payment management system and other central ADP processing..........	11,233,000	+11,875,000
14. Net increase in ADP services for Student Financial Assistance quality control projects........	567,000	+1,507,000
15. Increase in ADP services for a contract to begin the development of the National Student Loan Data System....................	200,000	+300,000

Program Administration

Summary of Changes -- Continued

Increases:	1990 base	Change from base
Program:		
16. Increase in ADP services for administering the campus-based Student Aid programs and systems that track and provide information for the field reader process for Higher Education Programs, and for default reduction and debt collection initiatives..........	$1,130,000	+$1,270,000
17. Increase in supplies due to inflation, postponement of purchases in 1990, and increased needs for copy paper, photo and graphic supplies, and microcomputer software...............	1,490,000	+352,000
18. Increase in non-ADP equipment for the purchase of systems furniture postponed from 1990 to accommodate staff in consolidated space in both headquarters and the regions.......	548,000	+1,254,000
19. Increase in ADP equipment for personal computer and other office automation equipment purchases postponed from 1990 because of budget constraints...	322,000	+1,547,000
20. Small increases in transportation, ADP rentals and overtime......................	1,854,000	+108,000
Subtotal.........		+58,630,000
Decreases:		
Built in:		
1. Decrease in GSA telecommunications due to implementation of the Government-wide initiative "FTS 2000" by GSA in 1990 which is estimated to decrease the costs of basic long distance voice and data communications...	3,705,000	-854,000

Program Administration

Summary of Changes — Continued

Decreases: Built in:	1990 base	Change from base
2. Decrease in rent reflecting completion of regional office space reductions and planned release of approximately 15,000 sq. feet in 1990, partially offset by higher GSA rent rates in 1991..................	$18,574,000	-$79,000
Subtotal.............		-933,000
Net Change...........		+57,697,000

Program Administration

Authorizing Legislation

Activity	1990 Authorized	1990 Appropriation	1991 Authorized	1991 Request
Postsecondary education (P.L. 96-88, Section 205)	Indefinite	$95,703,000	Indefinite	$124,578,000
Other education programs (P.L. 96-88, Section 204, 206, 207, 209, and 210)	Indefinite	69,087,000	Indefinite	77,105,000
Executive direction (P.L. 96-88, Section 202)	Indefinite	108,513,000	Indefinite	129,317,000
Total definite authorization..	—		—	
Total appropriation...........		273,303,000		331,000,000

Program Administration

Table of Estimates and Appropriations

	Budget Estimate to Congress	House Allowance	Senate Allowance	Appropriation 1/
1982	$255,017,000	$243,834,000	$216,774,000	$216,624,000
1983	222,000,000	222,000,000	222,000,000	222,000,000
1984	294,835,000	232,968,000	198,053,000	230,000,000
1985	301,450,000 2/	241,075,000	241,500,000	241,075,000
1985 Rescission	-4,189,000	---	---	---
1986	283,619,000 2/	224,157,000	225,867,000	225,867,000
1986 Sequester				-9,713,000
1987	295,755,000 2/	241,692,000	234,692,000	234,692,000
1988	314,309,000 2/	251,753,000	251,753,000	241,028,000
1989	255,449,000	249,849,000	258,600,000	255,997,000 3/
1989 Rescission				-5,533,000
1990	282,446,000	269,946,000	280,646,000	276,946,000
1990 Sequester				-3,643,000
1991	331,000,000			

1/ Reflects enacted supplementals and rescissions in amounts appropriated prior to fiscal year 1985.

2/ Reflected a proposal to merge the Office for Civil Rights and Office of the Inspector General, and Program Administration accounts into the Salaries and Expenses account.

3/ Included $5,533,000 for the National Student Loan Data System, contingent upon enactment of proposed legislation to amend section 485B of the Higher Education Act.

Program Administration

Significant Items in Congressional Appropriations Reports

Item	Action taken or to be taken
1990 Senate Report	
Waiting Period for Grant and Contract Applicants	
The Committee directed the Secretary to submit a report to them detailing the usual waiting period for grant and contract applicants from the date of submission to the notification back to the applicants by the Department. The Committee was concerned about reports by applicants of extremely long waiting periods in the application process.	The Department is preparing a report to be submitted by February 20, 1990, 90 days following the passage of the Department's 1990 appropriations bill.
National Student Loan Data System	
The Committee believed that the National Student Loan Data System should be developed as soon as possible and included $3,000,000 above the pending request so that the Department could begin implementation of a phased approach for this project in 1990.	The final appropriation did not include the additional funds for the System. However, because the Omnibus Reconciliation Act amended many of the restrictions in the Systems's use, the Department is allocating $200,000 for the initial development work for the System. Further development work is planned for 1991.

Program Administration

	1990 Appropriation	1991 Request	Increase or Decrease
1. Postsecondary education...	$95,703,000	$124,578,000	+$28,875,000
2. Other education programs..	69,087,000	77,105,000	+8,018,000
3. Executive direction.......	108,513,000	129,317,000	+20,804,000
Total................	273,303,000	331,000,000	+57,697,000
FTE employees (workyears)....	3,437	3,495	+58

Purpose and Method of Operation

Program Administration provides the funding and staff for the administration of the Department's more than 200 programs and activities and consists of three activities covering the following program and staff offices:

- Postsecondary education (OPE)
- Other education programs:
  - Office of Elementary and Secondary Education (OESE)
  - Office of Bilingual Education and Minority Languages Affairs (OBEMLA)
  - Office of Special Education and Rehabilitative Services (OSERS)
  - Office of Vocational and Adult Education (OVAE)
  - Office of Educational Research and Improvement (OERI)
- Executive direction:
  - Office of the Secretary (OS)
  - Office of the Under Secretary (OUS)
  - Office of the General Counsel (OGC)
  - Office of Intergovernmental and Interagency Affairs (OIIA)
  - Office of Legislation (OL)
  - Office of Management (OM)
  - Common Support Expenses (CSE)
  - Office of Planning, Budget and Evaluation (OPBE)
  - Advisory Councils (AC)

The funds in this account provide for personnel compensation and benefits as well as travel, rent, telephones, utilities, printing, automatic data processing (ADP), contractual services, equipment, supplies, and other Departmental services.

This is a current-funded program for which funds are available from October 1 to September 30.

Program Administration

Accomplishments

Student Financial Aid

In September 1989, the Department completed the award of an expanded and enhanced Pell Grant delivery system. Contracts for five multiple data entry (MDE) processors were awarded, as well as contracts for a central processing system, general electronic support of the Pell and campus-based programs, and Student Aid public inquiry, which provides the toll-free information line required by law. Beginning in 1991, the Federal portion of Pell MDE forms will be made available to students free of charge--reducing costs to disadvantaged students who need Federal funds the most.

In 1989, the Department conducted 275 training sessions for 23,721 individuals who administer student aid programs, including fiscal officers, lenders and financial aid administrators--a 60 percent increase from 1988. These sessions offered instruction on requirements for fiscal officers, the pre-certification process required for new schools participating in the Title IV programs, a Federal update of program requirements and operations, and recent legislative and regulatory changes, general information on Title IV aid, refund and repayment procedures for the Guaranteed Student Loan program, the default reduction initiative, and the new Pell Grant delivery system changes.

Several publications, including the Federal Student Aid Handbook, the Student Guide, the Pell Grant Formula 1989-90, and the Congressional Methodology 1989-90 were revised in 1989. The Student Guide 1989-90 was enhanced to include more comprehensive, detailed information. This guide received an award from the National Association of Student Financial Aid Administrators for excellence in disseminating financial aid information to the general public. In addition, the Loan Default Brochure, which stresses the necessity of repaying student loans and the consequences of defaulting, was reprinted to further support default reduction efforts. In 1990, the Department plans to print a poster publicizing the toll-free telephone number for Student Aid information: 1-800-333-INFO.

Debt Collection Activities

The Department continued implementing the Government-wide credit management program with notable successes. The IRS offset of tax refunds garnered $197 million during FY 1989, for a total of $637 million offset from 1,159,000 persons. The average amount offset was $550.

The Federal Employee Salary Offset program yielded $20 million during FY 1989, for a total of $54 million offset since the program was authorized in 1982. More than 60,000 employees have been notified to pay off their defaulted debts or have their salaries offset. Last year the U.S. Senate and House staff were included in the program, providing legislative as well as executive branch participation in this effort.

Accomplishments--cont'd

Debt Collection Activities--cont'd

Collections from Guaranty Agencies for loan advances amounted to $16 million and $125.6 million from excess reserves. Another $35 million in excess reserves will be collected during FY 1990.

The Department continued to refer cases of delinquent debt to the Department of Justice for litigation. During FY 1989, $11 million was collected for a cumulative total of $41 million.

Default Reduction Initiative

During 1989, the Department implemented several phases of the Default Reduction Initiative. One phase was to publish default rate data from the 1988 cohort database in order to determine the default rates for the more than 8,000 schools in the GSL program. Slightly more than 1,800 schools were found to have default rates over 20 percent. Schools with default rates between 20 and 40 percent must submit default management plans; those over 40 percent must implement Appendix D of the default initiative regulations published June 6, 1989, which sets forth specific procedures and requires a 5 percent reduction in the school's default rate each year. By the end of November 1989, almost 1,400 schools had submitted default management plans which are currently being reviewed. Staff has also responded to more than 4,000 telephone and written inquiries regarding the initiative. In 1990, 12 additional FTE will be hired in the Office of Student Financial Assistance to handle the workload.

The Department is planning to publish an Annual Default Report that would list default rates for individual schools. Also planned for consumer information is the compilation and dissemination of a list of Vocational Training programs showing graduation rates, job placement rates, and State licensing exam pass rates, where applicable.

To sharpen institutional and lender responses to the default reduction initiative, the Department increased its lender and institutional reviews of the Student Financial Assistance programs through the hiring of 90 program review staff. During 1989, institutional reviews increased 14 percent to 768 reviews, lender reviews increased 71 percent to 482, and guaranty agency reviews increased 80 percent to 18. Liabilities of almost $23 million were assessed during the 1989 review cycle. With the 90 additional staff hired in 1989 and $5,138,000 in funds provided by Congress, OPE was able to double the level of reviews accomplished in 1987.

Accomplishments--cont'd

Management Activities

During 1989, the Department also made the following significant management improvements:

- Installed a new Primary Accounting System that incorporates the Government-wide Standard General Ledger, as required by OMB and GAO, and developed an automated property management information system.
- Initiated a series of five training courses for the Department's 300 Contracting Officers' Technical Representatives to improve their ability to draft Statements of Work and thus improve the overall productivity of the procurement process.
- Published the first Consolidated Application Closing Date Notice in the *Federal Register*, which provided potential applicants with a single source of information on most FY 1990 discretionary grant competitions. This will allow prospective grantees more lead time to develop proposals, while reducing the cost required to develop and print separate notices for each program.
- Developed requirements for a Common Audit Resolution System to track resolution of audits and corrective actions and provide data for development of the annual management report to Congress.
- Reduced the overall average processing time for formal Equal Employment Opportunity (EEO) complaints from 1,502 days in FY 1988 to 641 days in FY 1989, and increased the rate of pre-formal EEO complaint resolution from 45 percent in FY 1988 to 69 percent in FY 1989.
- Instituted a new computerized system that automatically generates notification letters to provide Members of Congress with information about grant awards in their States and districts.
- Implemented a Secretarial Development Program to upgrade the skills of clerk-typists and secretaries and to improve the Department's ability to recruit secretarial talent.
- Installed 375 systems furniture workstations in six Departmental components to improve the workplace for employees, to utilize better limited space, and to reduce the number of headquarters-occupied buildings from five to four, thus releasing 51,270 square feet of space at a cost avoidance of $1,162,804.

Program Administration

1991 Budget Proposal

The 1991 budget request for Program Administration is $331,000,000 and 3,495 FTE, an increase of $57,697,000 and 58 FTE from the 1990 level. Several factors have contributed to this increase: the continued growth in the number and complexity of programs requiring additional staff; the default reduction initiative; the costs of providing and processing Pell Grant applications and administering other Student Aid programs; increased accountability of grant recipients through additional program reviews and program monitoring; and systems improvements for better accountability of Departmental resources.

The major increases are in personnel compensation and benefits ($13.3 million), ADP services contracts ($29.3 million), other contracts ($4.4 million), printing ($2.9 million), and travel ($1.6 million). An estimated 21 percent of the increase in personnel compensation is attributable to the 58 additional FTE requested, while built-in salary increases for the pay raises and the additional paid day in 1991 account for another 60 percent. Approximately 56 percent of the increase in other object classes is associated with administering Student Aid programs. A large part of the increase is needed for program monitoring and effective systematic accounting controls and reports. These costs, plus those for providing and processing student aid applications, were postponed or curtailed in the past.

The following are significant changes proposed in major cost items.

Personnel Compensation and Benefits/FTE

Approximately 54 percent of the funds requested in this account, or $178,863,000, is for the salaries and benefits for 3,495 FTE. The overall increase of $13,294,000 provides funds for: the annualization of the 1990 3.6 percent pay raise; the proposed 1991 3.5 percent pay raise for GS and GM employees, as well as a proposed pay raise of approximately 22 percent for Executive Level and Senior Executive Service employees; an increase of 58 additional FTE above the 1990 level of 3,437 FTE; the extra paid day in 1991; and employee awards. The increase also covers contributions to both the Federal Employees' Retirement System and the Civil Service Retirement System, as well as the employer's share of costs for health insurance, life insurance, social security and medicare costs.

The increase in FTE reflects the continued growth in the number and complexity of Department programs. Congress has passed legislation establishing dozens of new programs in recent years, and the Student Aid programs award much more money, serve more students and involve more schools, lenders, and institutions than in previous years. As evident in recent comments from the General Accounting Office, the Inspector General, congressional committees and oversight officials, these activities require more Federal staff to administer and monitor.

The distribution of the increase of 58 FTE among offices is shown below:

Personnel Compensation and Benefits/FTE--cont'd

Office	1990	1991	Increase or Decrease
Postsecondary Education	1,090	1,120	+30
Elementary & Secondary Education	216	224	+8
Bilingual Ed. & Minority Languages	49	50	+1
Special Ed. & Rehab Services	410	416	+6
Vocational & Adult Education	110	111	+1
Ed. Research & Improvement	433	443	+10
Secretary	61	61	---
Under Secretary	27	27	---
General Counsel	105	105	---
Intergovernmental/Interagency	113	113	---
Legislation	25	25	---
Management	614	614	---
Planning, Budget and Evaluation	169	169	---
Advisory Councils	15	17	+2
Total	3,437	3,495	+58

The 1990 and 1991 totals exclude FTE reimbursed from program accounts as follows: 1990 - 16 FTE (10 FTE in OERI for the National Assessment Governing Board, and 6 FTE in Advisory Councils for the National Commission on Drug-Free Schools); 1991 - 10 FTE in OERI for the National Assessment Governing Board.

The additional FTE are required to handle increased workload as follows:

- In the Office of Postsecondary Education (OPE), the total increase of 30 FTE is primarily for the Office of Student Financial Assistance (OSFA) to provide increased support of the Secretary's default reduction initiatives and additional program reviews. Of the 30 additional FTE, 20 FTE assigned to OSFA will provide support for increased litigation and appeals workload associated with proposed limitation, suspension and termination provisions for schools with default rates exceeding 60 percent. In addition, they will train institutional, lender and guaranty agency staff concerning compliance with default reduction requirements. The additional staff also will monitor and coordinate the expanded Title IV processing contractors, and will help to increase the number of estimated program reviews by 279 over the 1990 level (164 additional lender and guaranty agency reviews and 115 additional institutional reviews).

- The remaining increase of 10 FTE in OPE will be assigned to other areas and will provide increased technical support in administering aid to historically black colleges and universities, monitoring and technical assistance activities associated with the Drug-Free Schools program, the Higher Education programs (particularly the Special

Personnel Compensation and Benefits/FTE--cont'd

Programs for Disadvantaged Students and the Title III Aid for Institutional Development), and the expanded debt collection contracts. The additional staff also will assist in managing the increased Student Aid loan portfolio volume and will handle the additional workload resulting from the default reduction initiatives.

- In the Office of Elementary and Secondary Education, an increase of 8 FTE is proposed. Five FTE will monitor the expanded Drug-Free Schools programs and the new programs in the Educational Excellence Act, which is expected to be enacted in 1990. Three FTE will enable the staff to review annually all State recipients of Chapter 1 program aid, will carry out audit resolution activities, and will provide technical assistance to school districts affected by military base closings in 1991.

- A total of 8 FTE (6 in the Office of Special Education and Rehabilitative Services and 1 each in the Office of Vocational and Adult Education and the Office of Bilingual Education and Minority Languages Affairs) will provide increased monitoring and technical assistance to grantees in an effort to increase program accountability.

- In the Office of Educational Research and Improvement, the increase of 10 FTE is necessary to meet the expanding responsibilities and new initiatives included in the request for the Research, Statistics, and Improvement of Practice (RSIP) account, which is proposed to increase by nearly 84 percent in 1991. The large increase in funding proposed for the RSIP account is in response to recent demands for the collection and dissemination of good information on the condition of education and the testing of new ideas. The additional 10 FTE will help to enhance our efforts in these areas. In particular, additional attention will be directed to measuring changes that will occur throughout the Nation as States begin to work toward meeting the national goals identified by the governors at the Education Summit. Activities that will require additional FTE include:

    - the expansion of the National Assessment of Education Progress (NAEP),
    - the National Cooperative Education Statistics program,
    - the Library Statistics program,and
    - the Postsecondary Longitudinal Study.

  The proposed FTE level for 1991 does not include 10 FTE for the National Assessment Governing Board, which will continue to be financed from the RSIP account as it was in 1990.

- For Advisory Councils, the FTE level for 1991 will increase by 2 FTE primarily because of changes in the workload of the Advisory Committee on Student Financial Assistance, which is shifting some tasks from consultant services contracts to new staff.

Travel

The travel increase of $1,580,000 will provide for additional program monitoring and technical assistance to Department grantees and contractors and will help to ensure quality and accountability in Department programs.

The estimated travel costs, by office, follow:

Office	1990	1991	Increase or Decrease
Postsecondary Education	$2,459,000	$3,062,000	+$603,000
Elementary & Secondary Ed.	460,000	669,000	+209,000
Bilingual Ed. & Minority Langs	50,000	75,000	+25,000
Special Ed. & Rehab Service	313,000	575,000	+262,000
Vocational & Adult Ed.	140,000	200,000	+60,000
Ed. Research & Improvement	298,000	490,000	+192,000
Secretary	135,000	135,000	—
Under Secretary	48,000	65,000	+17,000
General Counsel	38,000	63,000	+25,000
Intergovernmental/Interagency	176,000	244,000	+68,000
Legislation	4,000	6,000	+2,000
Management	120,000	204,000	+84,000
Common Support	25,000	25,000	—
Planning, Budget & Evaluation	62,000	87,000	+25,000
Advisory Councils	249,000	257,000	+8,000
Total	4,577,000	6,157,000	+1,580,000

Major increases in travel funds include:

- Office of Postsecondary Education--$603,000 primarily to provide on-site program reviews of lenders, guaranty agencies, and schools participating in the student financial assistance programs. Also included are monitoring and technical assistance travel for Higher Education and Drug-Free Schools programs.
- The Office of Special Education and Rehabilitative Services--$262,000 primarily reflects the President's accountability initiative to increase program monitoring and technical assistance to State grantees and to maintain a three-year cycle for State reviews. Also, increased travel funds will be used to cover mandated monitoring of State Handicapped programs under Chapter 1 of the Elementary and Secondary Education Act and mandated on-site compliance reviews for 15 Projects with Industry and 20 Centers for Independent Living programs. Increases in travel funds will address the needs identified in the General Accounting office's report on OSERS' management, and Inspector General and congressional criticsm of OSERS' project evaluation and monitoring procedures, which were poor because of shortages in travel funds.

Travel -- Continued

- o An estimated $486,000 of the total increase will be used by OESE, OBEMLA, OVAE, and OERI to provide additonal monitoring and technical services to grantees and contractors in order to ensure quality and accountability of projects administered in those offices.
- o An additional $202,000 will be used by staff offices to provide support services and technical assistance. For example, additional travel funds are required in the Office of General Counsel for activities associated with the Student Aid caseload and legal requirements resulting from new audit appeal procedures; and in the Office of Planning, Budget and Evaluation for increased monitoring of new and ongoing program studies. Also, in the Office of Management, additional travel funds will be used to implement the National Finance Center/Regional Office Automation project and to cover trips by the Financial Management Service to conduct training sessions for grant recipients on grantee reporting requirements, to resolve financial recordkeeping and internal control problems in the regional offices. In the Office of Intergovernmental and Interagency Affairs, additional funds will be used by staff of the Office of Hearings and Appeals for travel required to resolve cases filed against the Department resulting from implementation of the default reduction initiative where services of an administrative law judge are required.

Non-GSA Telecommunications

The Department's request of $2,195,000 is an increase of $379,000 to establish better communication links between headquarters and regions. A portion of the increase ($283,000) is to install voice and data communications wiring into each new systems furniture workstation in the regional offices. All systems furniture placed in the 10 regional offices will be connected to a data line with the potential to be linked to the headquarters local area network (LAN). The LAN gives users the capacity of rapid and direct access to the systems on the minicomputers, the central computer facility, and personal computers.

Another $75,000 is requested for the telecommunications portion of an initiative, totalling $235,000, to connect all regional offices with headquarters, which in turn will be linked to the National Finance Center (NFC). The Department currently sends hard copy data of regional financial activities by mail to the Department's administrative payment processing office at NFC for data entry. Delays in posting transactions and sometimes lost information have resulted from mail delivery of financial data.

GSA Telecommunications

The request of $2,851,000 is a net decrease of $854,000 resulting from the implementation of the Federal Telecommunications System "FTS 2000" in 1990 and 1991. Basic long distance voice communication services are expected to cost less under the new system.

Postage

The increase of $1,937,000 over the 1990 budget of $5,418,000 is for an increase in volume associated with the default reduction initiative and student aid information mailing; for an estimated increase in assessed postage costs resulting from the implementation of more accurate identification procedures (ZIP + 4) in 1990; and for an increase in Department-wide estimated annual usage. The 1991 request reflects a more accurate estimate of annual usage than in past years where the usage had been significantly underestimated, as revealed by recent U.S. postal audits.

Printing

Approximately 82 percent ($7,375,000) of the Department's printing request of $9,022,000 supports applications and publications required for the administration of postsecondary education programs, including the Application for Federal Student Aid, the Student Guide (a brochure on Student Aid programs), and supplies for contractors supporting the Pell Grant and Guaranteed Student Loan programs.

The increase of $2,935,000 from FY 1990 is largely for printing needs associated with the default reduction initiative and publishing the Student Guide. Because of budget constraints in FY 1990, both the content and the number of copies of the Student Guide were reduced. With an increase of $1,368,000 in FY 1991, the Department plans to restore the Student Guide to its 1989 quality, which contained more comprehensive information about Student Aid for use by students, parents, and other interested persons.

For the default reduction initiative, the increase of $650,000 will help to fund the publication of an annual default report, dissemination of debt management information to high school students, the dissemination of consumer information about schools, and the printing of posters publicizing a toll-free number (1-800-333-INFO) for student aid information.

Another $697,000 increase is for increased volume and costs of the Application for Federal Student Aid, contractor supplies, and training materials.

Funds are also requested to print appropriate Department materials in Spanish.

We are continuing to seek repeal of the statutory requirement that the Department provide to eligible institutions a standard form "Federal Notice of Student Aid Receipt" (FSAR) on which they are to record the amount of Federal assistance received by each student. The statute also requires that the form be the same or similar in color to Treasury Department checks and that it be embossed with the Great Seal of the United States.

No FY 1991 funds are requested for printing the FSAR; however, if the requirement is not repealed, the FSAR would cost the Department approximately $500,000. The total cost for schools to establish new manual or computer procedures for completing the report would be at least as much. In response to a 1988 Federal Register notice, 576 postsecondary institutions, (99 percent of those commenting) objected to the use of the FSAR. In addition, the Treasury Department is concerned that implementation of this requirement might lead to counterfeit Federal checks because of their similarity to the FSAR.

Interagency Agreements

The request of $5,051,000 is an increase of $631,000 over the 1990 level of $4,420,000 for interagency agreements with other Federal agencies from which the Department receives numerous services. Some examples are payroll operations, health care units, security investigations, administrative payments, guard service and computer support. An increase of $125,000 is requested for these types of administrative services.

An increase of $506,000 is for non-Federal training activities associated with administering Student Aid programs, such as Basic Student Financial Aid Training, Fiscal Officer Training, Due Diligence & Debt Counseling, and Training of Puerto Rican Financial Aid Administrators in the use of Puerto Rican tax returns. Many of these training activities were severely curtailed in 1990 because of budget constraints.

Also included in the increase is an additional $75,000 for the IRS Address Retrieval System, which provides taxpayers' addresses to lenders and guaranty agencies for collection purposes in the GSL and Perkins programs.

Building Alterations

Funds requested for building alterations increase by a total of $594,000 to $1,100,000. The increase is requested to complete regional space alterations and space reduction projects, to install systems furniture, and to perform several architectural and engineering surveys postponed from 1990. The Department recently had surveys conducted in FOB-6 to examine the condition of heating, air conditioning and ventilation systems posing health risks. Additional studies are proposed for the Switzer and ROB-3 buildings. Studies will then be undertaken to discover ways to resolve problems with building temperatures, air circulation, and work environment in conjunction with the overall recommendations submitted by consultants who will have analyzed the Department's space consolidation and renovation needs. Complete interior renovations or a move to a new building are two possibilities.

Contracts

The request of $14,461,000 for non-ADP contracts is a net increase of $4,421,000, reflecting several changes from 1990 as follows:

Office	1990	1991	Increase or Decrease
Postsecondary Education	$3,509,000	$5,956,000	+$2,447,000
Intergovernmental/Interagency	127,000	405,000	+278,000
Management	338,000	605,000	+267,000
Common Support Expenses	1,928,000	2,042,000	+114,000
Planning, Budget & Evaluation	2,821,000	4,215,000	+1,394,000
Vocational & Adult Education	91,000	15,000	-76,000
Other Offices	1,226,000	1,223,000	-3,000
Total	10,040,000	14,461,000	+4,421,000

Contracts--cont'd

Approximately half of the increase ($2.4 million) is in the Office of Postsecondary Education (OPE). The public inquiry contract, which provides a required toll-free information line as well as other information services, will increase by $852,000--from $2.6 million in 1990 to $3.4 million in 1991. The requested increase also includes two new contracts designed to assess and enhance the administration of the Title IV programs: 1) a cost-benefit analysis of the Pell Grant multiple data entry (MDE) contracts ($150,000), and 2) support of a conference for the Technical Committee on Forms Design ($133,000), a function previously provided in the MDE contracts under the ADP Services object class.

In addition, in order to improve the efficiency of postsecondary debt collection efforts, we are requesting $650,000 to maintain the regional loans collections filing system (postponed from 1990); $125,000 to establish total quality management practices at all levels of the Debt Collection and Management Assistance Service; and $300,000 to enable OPE to access electronically other Government information databases, in addition to the IRS "skiptrace," in its effort to contact debtors who have moved and left no forwarding address. As part of the Department's default reduction efforts, we are also requesting an increase of $128,000 for the Perkins Loans closed-school servicing contract to reduce a backlog of accounts. A net increase of $109,000 is requested for all other OPE contracts largely reflecting a need for special services and additional contractor support for materials storage and mailing services.

We are requesting an increase of $1,394,000 in the Office of Planning, Budget and Evaluation for evaluations and studies focused primarily on postsecondary education, including issues associated with the accountability and default reduction initiatives. The areas to be studied in 1991 include:

- evaluation of implementation of the default reduction initiative, which will study the early effectiveness of the initiative through an analysis of the implementation process;
- continued study and surveys of the demonstration project on Income-Contingent Loans;
- additional analysis of National Postsecondary Student Aid Survey data, which will assess how students pay for their education, loan defaults, characteristics of minority students, student employment, college costs, and comparison of students at community colleges and proprietary institutions;
- international comparisons of postsecondary education, which will examine course work, access, retention, and financing mechanisms for postsecondary education in several countries;

Contracts—cont'd

- a graduate education study that will examine factors influencing the choice of graduate study, shortages in particular fields, enrollment of foreign students in certain fields, and financial aid for graduate students; and

- an examination of the status and use of outcomes assessment in determining the quality of postsecondary education.

The funds will also be used to provide data processing, data base maintenance, and technical analyses for studies and evaluations affecting all education levels. Examples of these include the development of the annual State Education Performance Chart ("Wall Chart") that presents comparative information on State-by-State educational performance, and the report on the distribution of Federal funds under elementary and secondary education programs.

Most of the requested increase of $278,000 for the Office of Intergovernmental and Interagency Affairs is for increases in contracts for Presidential appearances ($200,000) and for a contract to produce public service announcements for the President's Academic Fitness Awards ($60,000). The contracts for Presidential appearances are largely for security enhancements as well as staging, backdrops, lighting and other similar expenses at locations where the President is making an appearance at an education-related function.

The increase of $267,000 in the Office of Management is needed primarily to procure contractor assistance for three A-76 studies that will focus on accounts management and debt collection activities, training, and ADP functions.

The increase of $114,000 in Common Support Expenses will cover expected cost increases for furniture and equipment movers, mailroom services, materials storage and mailing services, and copy centers, all of which are subject to contract recompetition.

The decrease of $76,000 in the Office of Vocational and Adult Education (OVAE) represents the elimination of the FY 1990 one-time contract which will provide support services to assist OVAE in coordinating and convening several regional meetings and one headquarters meeting prior to the issuance of proposed regulations. The requirement for these meetings is contained in the negotiated rulemaking provisions of the Vocational Education reauthorization bill, which is expected to be enacted in 1990.

Field Readers

The $3,048,000 request for field readers in 1991 is an increase in Program Administration funds of $308,000. There is an additional increase of $70,000 in program funds for field reader costs in two offices as shown below. As authorized, field readers for most Education for the Handicapped,

Field Readers--cont'd

Rehabilitation Services and Handicapped Research, and Bilingual Education programs are paid almost totally from program account funds. The complete request for field reader funds is shown in the following table.

Office	1990	1991	Increase or Decrease
Postsecondary Education	$800,000	$866,000	$+66,000
Elementary & Secondary	150,000	150,000	---
Vocational & Adult Education	87,000	268,000	+181,000
Ed. Research & Improvement	228,000	289,000	+61,000
Bilingual Ed. & Minority Languages	[233,000] 1/	[276,000] 1/	[+43,000] 1/
Special Ed. & Rehab Services			
Program Admin	12,000	12,000	---
Program account funds	[1,160,000] 1/	[1,187,000] 1/	[+27,000] 1/
Total, Program Admin.	1,277,000	1,585,000	+308,000
Total, program account funds	1,393,000	1,463,000	+70,000
Total	2,670,000	3,048,000	+378,000

1/ Funds from program accounts.

The $308,000 increase is largely attributable to an anticipated increase in the number of applications due to both new and ongoing programs. The funds will be used to pay, as appropriate, honoraria, per diem and travel expenses for both Federal and non-Federal readers.

Field reader increases are required by the following program offices:

- The Office of Postsecondary Education increase ($66,000) will pay for increased travel costs and will cover an increase in honoraria payments to approximately $100 per day, bringing them more in line with other program offices within the Department.

- The Office of Vocational and Adult Education (OVAE) increase ($181,000) is required to cover the costs of additional readers to handle an anticipated increase in the number of program applications, and the costs of two additional non-Federal readers for each rating panel (bringing the ratio of non-Federal/Federal readers to 3:2). OVAE program managers believe that having a greater proportion of non-Federal readers will increase the overall quality of the reviews because of the likelihood of obtaining reviewers with the requisite experience, time, and knowledge possessed by the non-Federal readers.

- The Office Educational Research and Improvement (OERI) increase ($61,000) is needed to cover travel and per diem expenses associated with the additional field readers needed because of the anticipated increased volume of applications and the decreased use of mail-out reviews. OERI program managers believe that the reading process for some of its programs is less effective if done solely by mail.

ADP Services

The request for $76,274,000 in ADP Services is an increase of $29,304,000 over 1990. The significant increases by office are as follows:

Office	1990	1991	Increase or Decrease
Postsecondary Education	$36,152,000	$53,936,000	+$17,784,000
Common Support Services	7,995,000	17,910,000	+9,915,000
Other Offices:			
- Secretary	173,000	248,000	+75,000
- General Counsel	271,000	476,000	+205,000
- Intergovernmental/Interagency	146,000	201,000	+55,000
- Planning, Budget & Evaluation	510,000	685,000	+175,000
- Elementary and Secondary Education	494,000	923,000	+429,000
- Bilingual Ed. & Minority Languages	64,000	150,000	+86,000
- Special Ed. & Rehabilitative Services	448,000	774,000	+326,000
- Vocational & Adult Education	95,000	131,000	+36,000
- Ed. Research & Improvement	579,000	773,000	+194,000
- Under Secretary	1,000	1,000	---
- Legislation	41,000	65,000	+24,000
- Advisory Councils	1,000	1,000	---
	2,823,000	4,428,000	+1,605,000
Total	46,970,000	76,274,000	+29,304,000

About 60 percent of the increase ($17.8 million) is in the Office of Postsecondary Education. Major increases are addressed below.

- In late 1989, the Department awarded replacement contracts supporting processing of Pell Grants. These new, improved contracts emphasize fiscal accountability and communication among the contractors. The net increase of $10,967,000 in 1991 in these Pell contracts reflects expansion of the number of and types of work performed by the Pell Grant multiple data entry (MDE) processors (CSX Commerical Services, Pennsylvania Higher Education Assistance Agency, United Student Aid Funds, American College Testing, and the College Scholarships Services). It also covers the cost of additional requirements, such as the mandated Selective Service and the Immigration and Naturalization Service tape matches. In 1990, $4.3 million of the $24.1 million total cost for these contracts was paid from program funds; however, in 1991, the full cost of the contracts will be paid from the Program Administration account. A large portion ($7 million) of the increase reflects the Department's decision to provide the Federal aid portion of MDE forms free to students beginning in 1991.

ADP Services--cont'd

Many functions previously provided under the former Pell central processor contract are now provided by either the MDEs, the General Electronic Support contract or the SFA Information Center--a non-ADP contract. As a result of this transfer of functions, a related increase of $870,000 occurs in the General Electronic Support contract, which handles electronic data exchange of Pell Grant and campus-based program information between the Department, its contractors, and schools with electronic systems. To further improve administration of the Pell programs, an additional increase of $200,000 is requested for improvements in modeling and analysis of Pell Grant program data which will enhance out-year estimates of Pell Grant program needs.

- An increase of $2,315,000 is required in the GSL/Perkins contract largely resulting from increased processing and development costs associated with the need to track more data on loans in support of the Secretary's default reduction initiatives, as well as expected increases in systems requirements associated with HEA reauthorization.

- For quality control (QC) contract costs, a net increase of $1,507,000 is requested for a new QC project in the Guaranteed Student Loans program ($1,648,000) which measures billing and payment errors at guaranty agencies, and for design of a guaranty agency QC pilot ($150,000). The total increase is partially offset by the completion of the final phase of a QC project begun in 1987.

- An increase of $742,000 is required for systems that support administration of other postsecondary programs. Included is an increase of $396,000 to support development of a new accounting subsystem for the campus-based programs to enhance internal control, as recommended by the Office of the Inspector General, and automation of paper transactions. Also, an increase of $346,000 is for enhancement and maintenance of several systems that support the field reader process and provide analyses and other statistics on Higher Education programs.

- To enhance the Department's default reduction and debt collection efforts, we are requesting an increase of $528,000: $170,000 for the school monitoring/institutional data system, which supports further improvements in processing reports and tracking and monitoring activities; and $358,000 for the electronic archival of Eligibility and Certification records from hard copy to a document management system. This system will provide better management control and improved productivity and will reduce the office space currently required to store the documents.

- An increase of $300,000 is requested for the National Student Loan Data System to assist the Department in developing a request for procurement so that a contract can be awarded in 1992. Also, an increase of $339,000 is required for central facility computer support, reflecting OPE's share of cost increases in the Department's central ADP Services.

ADP Services--cont'd

For Common Support Services in the Office of Management (OM), an increase of $9,915,000 is requested. While the Department allocates central ADP Services costs for activities such as personal computer maintenance, electronic mail, local area network (LAN) operation, minicomputer upgrade, maintenance and operation, and technical assistance among all of the Department's offices based upon inventory and usage, a large portion of the these costs are centrally funded in the Office of Management.

Major increases are addressed below.

- Of the increase for 1991, $5,034,000 is requested to cover central ADP service costs--largely to fund a minicomputer upgrade project. The 1991 cost of the project totals $6 million, a portion of which is distributed to other offices Department-wide. The minicomputers support many Department-wide systems including the Primary Accounting System, the Grants and Contracts Management System, the Budget Allotment and Planning System, and other important systems that are part of the Department's basic operations. The results of a study conducted in 1989 indicate that replacement of existing hardware and software is necessary. The minicomputers are now operating at full capacity and are unable to keep up with the workload. The Department had serious minicomputer operational problems at the end of FY 1989 that can only be addressed on a short-term basis in 1990 as a result of funding constraints.

- An additional $1,950,000 is required for the Financial Feeder Systems Project. The Financial Management Service, with the support of the Office of the Inspector General, has started work on improving the reliability of financial information received by the Primary Accounting System from the Department's various feeder systems. Initial work costing $850,000 will be started in 1990 on all 23 feeder systems. The increase in 1991 will support software program changes as necessary to bring each system into compliance with Department, OMB, and GAO directives and as required by the Federal Manager's Financial Integrity Act of 1982.

- An increase totaling $2,253,000 for the Department's Payment Management System (PMS) includes $1,803,000 to replace the current database management system which is more than 10 years old and will be obsolete in a few years, and $450,000 to maintain the PMS system at the National Institutes of Health while the Department implements its new system.

- Other increases include $200,000 to establish and maintain an Information Technology Support Center which will provide a centralized depository for approximately $75 million in systems documentation, and $95,000 to fund the Information Technologies Strategy Project. This project will provide technical assistance and expert analysis on use of the latest technologies to meet Department standards associated with major information management improvement efforts.

ADP Services--cont'd

- An increase of $100,000 will be used to install LAN equipment at individual OM workstations and to support the LAN initiative to connect regional offices and headquarters. An increase of $283,000 is requested for other OM information technology projects, such as ADP security reviews, studies and data information sharing projects.

An increase of $1,605,000 is requested for all other offices, primarily for assessed increases in central ADP services ($1,479,000), as well as increases for the improvement of the Impact Aid system ($87,000) in OESE which calculates eligibility, entitlements and payment amounts for applicants of Impact Aid funds, and for improvement of information systems in OERI ($39,000).

Supplies

The increase of $350,000 from $1,490,000 in 1990 will cover the increased cost of supplies, purchases postponed from 1990, increased needs for the additional 58 FTE, and the additional demand for and cost of copy paper, photo and graphic supplies, identification cards, and microcomputer software supplies.

Non-ADP Equipment

The request of $1,842,000 is an increase of $1,254,000 over 1990. These additional funds are mostly for systems furniture in regional and headquarters offices that have undergone significant space reductions but still possess standard furniture that is unsuited for the redesigned space and also hinders handicapped access. Additional systems furniture is required to achieve a greater reduction in the space utilization rate, thereby creating some rent savings, and to provide a cleaner and more efficient workplace.

ADP Equipment

The $1,869,000 request for ADP equipment in 1991 is an increase of $1,547,000 from 1990. These additional funds are requested primarily for personal computer office automation acquisition as part of the Department's plan to replace obsolete equipment over several years and to improve the overall efficiency in program administration. Included in the requested increase is $135,000 to purchase the National Finance Center/Regional Office Interface equipment discussed in the non-GSA telecommunications section.

Program Administration

Full-time Equivalent Employment (Staff Years)

	1989 Actual	1990 Estimate	1991 Request	Change from 1990
Postsecondary education..........	1,025	1,090	1,120	+30
Other education programs:				
Elementary & Secondary Ed......	206	216	224	+8
Bilingual Ed & Minority Langs..	47	49	50	+1
Special Ed & Rehab Services....	397	410	416	+6
Vocational & Adult Ed..........	103	110	111	+1
Ed Research & Improvement......	428	433	443	+10
Subtotal..................	1,181	1,218	1,244	+26
Executive direction:				
Secretary......................	60	61	61	---
Under Secretary................	20	27	27	---
General Counsel................	97	105	105	---
Intergovernmental/Agency.......	107	113	113	---
Legislation....................	23	25	25	---
Management.....................	603	614	614	---
Planning, Budget & Evaluation..	169	169	169	---
Advisory Councils..............	12	15	17	+2
Subtotal, Ex. Dir.........	1,091	1,129	1,131	+2
Total, Program Administration.........	3,297	3,437	3,495	+58

The 1990 and 1991 totals exclude FTE reimbursed from program accounts as follows: 1990 - 16 FTE (10 FTE in OERI for the National Assessment Governing Board, and 6 FTE in Advisory Councils for the National Commission on Drug-Free Schools); 1991 - 10 FTE in OERI for the National Assessment Governing Board.

DEPARTMENT OF EDUCATION
SUMMARY OF BUDGET AUTHORITY FOR PROGRAM ADMINISTRATION
(in thousands of dollars)

ACTIVITY LEVEL	1989 ACTUAL	1990 ESTIMATE	1991 REQUEST
Postsecondary Education	84,353	95,703	124,578
Other Ed. Programs:			
Elementary & Secondary Ed	10,976	12,679	14,564
Bilingual Ed & Minority Langs	2,312	2,635	2,943
Special Ed & Rehab Services	19,750	21,836	24,336
Vocational & Adult Ed	5,309	6,260	6,924
Ed Research & Improvement	22,981	25,677	28,338
Subtotal	61,328	69,087	77,105
Executive Direction:			
Secretary	3,028	3,272	3,776
Under Secretary	1,197	1,772	1,922
General Counsel	5,804	6,822	7,600
Intergovernmental/Interagency	6,516	6,791	7,692
Legislation	1,112	1,310	1,474
Management	26,090	27,938	29,955
Common Support Expenses	48,031	46,233	60,120
Planning & Budget	9,391	10,124	10,984
Evaluation	2,386	2,893	4,340
Advisory Councils	1,228	1,358	1,454
Subtotal	104,783	108,513	129,317
Program Admin. Total	250,464	273,303	331,000

Advisory Councils and Committees a/

Supplementary Fact Sheet

	1990 Appropriation	1990 FTE	1991 Request	1991 FTE
Advisory Committee on Student Financial Assistance	500,000	5.5	595,000	7.3
National Advisory Board on International Education Programs	20,000	0.2	20,000	0.2
National Advisory Committee on Accreditation & Institutional Eligibility	38,000	0.3	40,000	0.3
National Board of the Fund for the Improvement of Postsecondary Education	36,000	0.4	42,000	0.4
President's Board of Advisors on Historically Black Colleges and Universities	36,000	0.3	36,000	0.3
Advisory Council on Education Statistics	28,000	0.2	28,000	0.2
National Advisory Council on Educational Research and Improvement	244,000	3.6	254,000	3.8
Fund for the Improvement and Reform of Schools and Teaching Board	50,000	0.4	50,000	0.4
Intergovernmental Advisory Council on Education	30,000 b/	0.1 b/	0	0.0
National Council on Vocational Education	371,000	3.6	380,000	4.4
Special Study Panel on Education Indicators	c/	d/	---	---
Laboratory Review Panel	4,000	0.1	8,000	0.2
National Commission on Drug-Free Schools	c/	7.0	---	---
Common Support Expenses (ADP)	1,000	---	1,000	---
TOTAL	1,358,000	21.7	1,454,000	17.5

a/ Excludes funds and FTE for the National Assessment Governing Board (NAGB), which is not an advisory council. NAGB is funded under the Research, Statistics, and Improvement of Practice account and FTE for NAGB are included under OERI.

b/ Assumes operation for 1/2 year, then abolishment.

c/ Funded from program funds.

d/ Staff is OERI, negligible FTE usage by members.

Department of Education

Advisory and Assistance Services

1989 Actual	1990 Estimate	1991 Estimate	Increase or Decrease
$21,995,554	$30,137,000	$33,711,000	+$3,574,000

Note—Excludes amounts for Indian Education services.

Advisory and Assistance Services Definition

Fiscal year 1989 represents the first full budget year under the definition and guidelines for advisory and assistance services included in the revised OMB Circular A-120, "Guidance on the Use of Advisory and Assistance Services," issued on January 4, 1988. One effect of the revised circular was to expand its coverage through a broad definition of "Advisory and Assistance Services" as compared with "Consulting Services" defined in earlier circulars. However, some of the activities in the Research, Statistics and Improvement of Practice account, which were earlier thought to be advisory and assistance services under the new circular, have since been determined to be excluded from its coverage.

As defined in Circular A-120, advisory and assistance services are:

> "...those services acquired from non-governmental sources by contract or by personnel appointment to support or improve agency policy development, decision-making, management, and administration, or to support or improve the operation of management systems. Such services may take the form of information, advice, opinions, alternatives, conclusions, recommendations, training, and direct assistance."

Such outside services are utilized by the Department of Education only when required by Federal legislation or when the use of such services is cost effective. Increases and decreases in the use of these services are reflective of changes in appropriation levels.

Forms of Advisory and Assistance Services

Advisory and Assistance Services may be provided by personnel appointment, procurement contracts and by advisory committee membership. The Department of Education utilizes these services in each of these forms. The costs for appointed consultants are generally funded from the three Departmental Management accounts. However, field reader and advisory committee costs may be, and are, funded from a combination of Departmental Management and program accounts. Advisory and Assistance Services provided by contract may also be funded from any account that has contracting authority included in its authorizing legislation.

Personnel Appointments

Experts and Consultants

Appointive consultants are used when there is a need for the advice of experts for limited and intermittent periods of time. They currently include building architects/engineers to assist GSA with the planned renovation of FOB-6 and experts who serve as members of review boards and panels. The costs for appointive consultants in 1989 were $835,000, and are estimated to be $697,000 in 1990. In 1991, $562,000 of the amount requested in Departmental Management accounts is for such appointive consultants. The only consultants paid out of program funds are the members of the National Assessment Governing Board who are paid out of the Research, Statistics, and Improvement of Practice account: $38,000 in 1989, $37,000 in 1990, and $61,000 in 1991.

Field Readers

Advisory and Assistance Services also include the costs of field readers who evaluate and rate program applications submitted to the Department for funding. The costs for field reader services are covered by the Program Administration account as well as three program accounts. The Education of the Handicapped Act, the Rehabilitation Services Act, and Title VII of the Elementary and Secondary Education Act authorize the use of program funds for non-Federal experts to review grant and contract applications. The total cost for field readers in 1989 was $2,399,000. Of this total, $1,222,000 was paid from the Program Administration account, $159,000 was paid from the Bilingual and Immigrant Education account, $742,000 was paid from the Education for the Handicapped account; and $276,000 was paid from the Rehabilitation Services and Handicapped Research account.

In 1990, field reader costs are estimated to be $2,670,000, of which $1,277,000 will be paid from Program Administration and $1,393,000 will be paid from program funds in the Education for the Handicapped ($849,000), the Rehabilitation Services and Handicapped Research ($311,000), and the Bilingual and Immigrant Education ($233,000) accounts.

Our total request for field readers in 1991 is $3,048,000, of which $1,585,000 will be from Program Administration and $1,463,000 will be from program funds: Education for the Handicapped ($782,000), Rehabilitation Services and Handicapped Research ($405,000), and Bilingual and Immigrant Education ($276,000). The increase is due primarily to the need for increased numbers of field readers to handle the anticipated increase in the number of applications for both new and ongoing programs.

The Department's current policy allows program offices to pay honoraria to non-Federal reviewers. It also encourages reviews at the lowest cost (even if that means paying travel expenses to Washington) and allows an appropriate mixture of non-Federal reviewers and Federal employees for panels. Whenever practical, the Department uses review by mail and by readers who serve without compensation. The procedures provide flexibility in the use of field readers in order to choose reviewers who are both qualified and available to produce high quality reviews. In response to congressional concern, the use of Federal and uncompensated readers has been curtailed since 1989. In addition, offices are trying to establish, within budget limits, greater comparability in the honoraria paid to field readers.

Advisory Committees

This category of Advisory and Assistance Services includes the members of the Department's advisory committees and councils, who are appointed by the President or by the Secretary. (These committees and councils are listed in the fact sheet on Advisory Councils.) The members receive an honorarium in addition to travel and per diem expenses. The costs of compensation and benefits for advisory committee members in 1989 were $137,000 and are estimated to be $486,000 in 1990. In 1991, $272,000 is requested, a decrease of $214,000 due to the completion of work of the Drug Commission in 1990. The $300,000 the Commission required in 1990 was funded from the School Improvement Programs account. All 1991 advisory committee costs are funded in the Program Administration account.

Contracts

Advisory and Assistance Services contracts are let when the Department requires a product or a service that cannot be provided by Federal staff. Such products or services are necessary to the administration of the Department and its programs. Many contracts are for studies in the various program areas and for program evaluation. These contracts are also let to provide advice on data processing systems, training programs for Department employees, and the sale of college housing and higher education facilities loans. However, most ADP and telecommunications functions and related services are excluded from the definition of Advisory and Assistance services in accordance with 41 CFR 201.

The Department's estimate for Advisory and Assistance Services contracts in 1991 is $29,829,000, an increase of $3,545,000 over the 1990 level of $26,284,000. The 1991 estimate reflects increases for several new evaluations and studies, including $1 million for a dropout prevention demonstration evaluation and $3 million for a research and statistical evaluation of education reform. Both of these evaluations are funded in the School Improvement Programs account. Also planned for 1991, is a pilot project for mandated non-Federal audits of participating schools' student financial aid funds, to be funded in the Office of the Inspector General account.

These increases are partially offset by decreases in several areas where current evaluations will be completed in 1990.

1991 Budget Proposal for Advisory and Assistance Services

For 1991, the total increase in costs for these services is $3,574,000 or 11.9 percent. The major increase in 1991 is for contracts ($3,545,000) to provide necessary services and products that cannot be provided by Department staff. This increase is reflective of appropriated levels for activities required by legislation in a variety of program accounts. The use of experts and consultants will decrease in 1991 while the use of field readers will increase, resulting in a net cost increase of $243,000. Also, there will be a decrease of $214,000 in the cost of compensation and benefits for advisory committee members resulting from the termination of the National Commission on Drug-Free Schools.

Limitation and Reports on Advisory and Assistance Services

Section 514 of the General Provisions of the FY 1990 Labor-HHS-Education Appropriations Act provides a limit on Advisory and Assistance Services procurements and requires quarterly reporting. At current budget levels, the Department foresees no problem in achieving the limitation but continues to monitor closely the situation to ensure compliance with the Act.

Evaluation and Report on Advisory and Assistance Services

Section 307 of Public Law 96-304, the Supplemental Appropriations and Rescission Act of 1980 (31 U.S.C. 1114), requires that the Inspector General evaluate and report on the Department's efforts to comply with OMB criteria in the managing and reporting of Advisory and Assistance Services contracts. The universe of contracts addressed in the Inspector General's reports normally differs somewhat from that used in this report, often covering only new awards, and excluding obligations for modifications of contracts made in previous years. These obligations are, however, reflected in the totals shown in the summary table below. The 1990 report of the Inspector General's findings will be forwarded to the Congress when the justifications are transmitted.

Department of Education

Advisory and Assistance Services 1/

Appropriation Account	1989 Actual	1990 Estimate	1991 Estimate
Compensatory Education for the Disadvantaged	$5,925,488	$5,794,000	$9,300,000
School Improvement Programs	3,603,074	4,905,000	6,500,000
Bilingual and Immigrant Education	2,260,742	1,558,000	1,560,000
Vocational and Adult Education	1,348,875	2,772,000	2,100,000
Rehabilitation Services and Handicapped Research	1,606,883	2,473,000	1,467,000
Education for the Handicapped	2,491,330	849,000	1,782,000
Higher Education	-0-	1,437,000	1,000,000
Research, Statistics, and Improvement of Practice	153,077	4,357,000	3,861,000
Office for Civil Rights	-0-	58,000	100,000
Office of the Inspector General	10,000	980,000	1,358,000
Program Administration	4,596,085	4,954,000	4,683,000
Total, Department of Education	21,995,554	30,137,000	33,711,000

1/ Excludes amounts for Indian Education services.

RENT EXHIBIT

Type of Space	1988 Actual /1	1989 Actual /1	1990 Estimate	1991 Request
Office				
UR Targets /2 (no supp)	159	149	144	140
UR Targets /2 (incl supp)	178	168	163	159
Workstations	5,173	5,200	5,200	5,300
EOY Sq Ft	920,193	871,657	847,196	843,396
Avg Sq Ft	936,376	881,462	871,657	843,396
Rate/Sq Ft ($)	21.77	21.92	22.67	23.68
Subtotal ($)	20,381,917	19,322,642	19,768,686	19,969,848
Non-Office				
Avg Sq Ft	166,030	148,321	149,357	146,935
Rate/Sq Ft ($)	14.16	15.60	16.25	17.14
Subtotal ($)	2,351,644	2,313,195	2,426,586	2,518,918
Joint Use				
$ for Joint Use	950,300	1,023,239	1,286,201	924,444 /3
ED Total	23,683,861	22,659,076	23,481,473	23,413,210
(Progam Admin.)	18,829,046	17,913,168	18,573,574	18,494,867
(OCR)	3,361,259 /4	3,336,695 /4	3,478,609	3,470,925
(OIG)	1,335,520 /4	1,251,727 /4	1,276,770	1,288,042
(IEP/NACIE)	158,036	157,486	152,520	159,376

/1 Per end-of-year reports (does not include end-of-year credits).

/2 Square feet per workstation. Utilization Rate-EOY sq. ft./workstations. GSA Supplemental Space Factor: 19.

/3 The reduction reflects proposal (10/89) to release a portion of cafeteria space in FOB-6.

/4 A portion of the 1988 & 1989 rent cost for OCR & OIG was covered by Program Administration.

Detail of Full-Time Permanent Positions

	1989 Actual	1990 Estimate	1991 Request
Organization: Program Administration			
Executive level I............	1	1	1
Executive level II...........	0	0	0
Executive level III..........	1	1	1
Executive level IV...........	2	7	7
Executive level V............	4	5	5
Subtotal....................	8	14	14
ES-6.........................	5	5	5
ES-5.........................	9	9	9
ES-4.........................	25	27	27
ES-3.........................	6	9	9
ES-2.........................	5	11	11
ES-1.........................	11	19	19
Subtotal....................	61	80	80
GS/GM-16.....................	3	3	3
GS/GM-15.....................	181	182	182
GS/GM-14.....................	350	352	352
GS/GM-13.....................	530	531	531
GS-12........................	584	610	662
GS-11........................	291	344	344
GS-10........................	3	3	3
GS-9.........................	263	280	280
GS-8.........................	62	62	62
GS-7.........................	238	240	240
GS-6.........................	158	158	158
GS-5.........................	182	182	182
GS-4.........................	116	116	116
GS-3.........................	43	43	43
GS-2.........................	8	8	8
GS-1.........................	0	0	0
Subtotal....................	3,012	3,114	3,166
Ungraded.....................	24	24	24
Total full-time permanent positions.................	3,105	3,232	3,284
Unfilled positions, end of year	29	0	0
Total full-time permanent employment, end of year.......	3,076	3,232	3,284
Full-time equivalent (FTE) usage.......................	3,297	3,437	3,495
Average ES grade..............	3.5	3.1	3.1
Average ES salary.............	$75,164	$76,292	$87,010
Average GS/GM grade...........	10.6	10.6	10.6
Average GS/GM salary..........	$38,377	$39,741	$41,282

WITNESSES

	Page
Alexis, C.P	1611
Bonner, D.F	253, 555, 1025
Brand, Betsy	1501
Carney, Nell	921
Castle, W.E	471
Cavazos, L.F	1
Childers, J.B	1311
Christensen, S.H	1, 253, 555, 781, 921, 1025, 1097, 1153, 1311, 1501, 1611, 1701, 1813, 1877
Cichowski, C.A	403, 421, 449, 471, 555, 781, 921, 1701, 1813
Coro, Alicia	555
Corrigan, F.V	253
Corwin, T.M	253, 555, 1025, 1097, 1501
Cross, C.T	555, 1701, 1813
Davidson, Robert	1153, 1311, 1611
Davila, R.R	781, 921
Dunn, R.B	1153
Elliott, E.J	1701
Esquivel, Rita	1097
Goldberg, Milton	1701
Hansen, C.E	1025
Haynes, L.J., III	1153, 1311
Jenifer, Dr. F.G	1611
Jones, M.W	1611
Jordan, I.K	421
Kirkgasler, Sally	1153, 1311
Kolb, C.E.M	1, 1877
Letendre, M.J	253
Mathews, A.J	1813
Miller, Dr. R.L	1611
Reswick, J.B	921
Schrag, Judy	781
Skelly, T.P	1877
Smith, N.C	1701
Smith, W.L	1877
Thomas, J.B., Jr	1877
Thompson, W.S	471
Tinsley, Tuck, III	449
Tyrrell, W.D	253
Vader, M.E	403, 421, 449, 471

INDEX

American Printing House for the Blind

Page
Accuracy of projections 462
Advisory services 451
Annual cost of materials 465
Biographical sketch 454
Budget request for 1991 449, 456
Computer related products 457
Concerns expressed by outside groups 467
Disk output transcribing system (APH-DOTS) 464, 466
Educational materials funding 451
Educational and technical research 451
Employee salary levels 456
Employees with handicapps 459, 464
Federal funds from other sources 458
Federal role in providing materials 455
Fee schedule 468
Funding schedule's effect on services 466
General information 452
Incidence of blindness 461
Inspector General Audit 463
Minority employment 459
Number of persons served 452, 461, 462
Opening statement 451
Pre-school level materials 458, 463
Reallotment procedure 465
Staffing levels and trends 456, 461
State agency purchases above the quota level 468
Study of the American Printing House for the Blind 463, 466
Survey of ex officio trustees 455
Timeliness of delivery 457
Witnesses 449

Bilingual, Immigrant and Refugee Education

Bilingual fellowship program 1114, 1118, 1119
Bilingual programs 1098
Biographical sketch 1102
Budget request 1097
Cap on alternative funding 1123
Capacity building 1108
Coordination with Chapter 1 1109

Page

Criterion-based test 1124
Developmental bilingual education 1106, 1111, 1114
Dropout rate 1107, 1113
Dual immersion programs 1126
Duration of services 1125
Effect of sequester 1106
English-based education 1123
Ethnic differences 1121
Flexibility 1105, 1122
Forum on training needs 1097, 1104
Funding for bilingual programs 1110
Graduation rates 1120
Greatest need 1106
Head Start 1112
High school graduates 1125
Higher education for limited English proficient students 1125
Holyoke schools 1108
Identification of students 1124
Immigrant education 1098, 1112
Immigrant legislation 1115
Inappropriate placement 1125
Justification materials:
  Amounts available for obligation 1130
  Appropriation language 1128
  Authorizing legislation 1133
  Budget authority by activity 1131
  Budget authority by object 1131
  Explanation of language changes 1128
  Language analysis 1129
  Narrative 1136
  Significant items in congressional appropriations reports 1135
  Summary of changes 1132
  Table of estimates and appropriations 1134
Language maintenance 1122
Lapse, 1989 1110
Longitudinal study 1108, 1123
Main goal of bilingual education 1122
Method of instruction 1106
Native language-based programs 1122
Need for teachers 1107, 1116, 1117, 1121
Number of students 1104, 1115
Opening statement 1099
Parental consent 1126
Prince George's county plan 1120
School response 1104
Special competition 1104
Support services 1098
Training grants 1098, 1105, 1117
Undergraduate fellowships 1119
Unserved students 1119

Compensatory Education for the Disadvantaged

Amount available for Chapter 1 in 1990 .... 267, 278
Allocation table based on sequestered amount 317

Page
Average per-pupil cost of Chapter 1 262
Budget request for 1991 278
Capacity of Chapter 1 program to absorb increased funding 262, 276
Capital expenses for private school children 276
Chapter 1 accomplishments resulted from increased budget 266
Chapter 1 handicapped 293, 331, 335
Chapter 1 instruction 280, 330
Chapter 1 longitudinal study 284, 293, 294, 327
Chapter 1 program in Chicago 335
Chapter 1 secondary schools basic skills and dropout prevention program 263
Chapter 1 services 262
Chapter 1 staffing 332, 333
Characteristics of Chapter 1 students served 261, 262, 264
Concentration grants 292, 306
Description of Chapter 1 allocation formulas 324
Effect of sequester 267, 270
Effect on student achievement 328, 329
Effectiveness of Chapter 1 261
Eligibility for Chapter 1 279, 333
Estimated 1990 Chapter 1 state allocation table 317
Even Start 265, 268, 292, 332, 336
Flexibility for Chapter 1 327
How problems of 1990 differ from the past 289, 290
Impact of Chapter 1 formula 280, 282

Justification material:

Account summary 353
Amounts available for the disadvantaged 343
Appropriation language 337
Authorizing legislation 349
Budget authority by object 346
Budget authority by activity 344
Explanation of language changes 338
Language analysis 340
Narrative 357
Significant items in congressional appropriations reports 352
State tables 397
Sumary of changes 347
Table of estimates and appropriations 351
Legislative earmarks 311
Migrant education 295
Misallocation of Chapter 1 funds 285
National assessment of Chapter 1 311
Neglected and delinquent program 268, 269, 275, 331
Number of eligible Chapter 1 student served 330
Opening statement 255
Plans to update poverty data from the 1990 census 334
Pre-school education 280, 289
Presidential Merit Schools 269, 277, 284, 303, 328
Private school participation 283, 292
Pulido decision 282
Qualifications of Chapter 1 staff 278, 287, 288, 332
Regional meetings 285
Relationship between Head Start and Chapter 1 264
Required days of school attendance by state 286

Page

Revised summary of changes 312

School expectation for student performance 281

School improvement 275, 283, 292, 333

Schoolwide projects 265, 266, 332

State program improvement grants 334

Sustaining effects study 303

Targeting of Chapter 1 funds 281, 288

Updating 1990 Census poverty data 334

Usefulness of program evaluations 276

Witnesses 253

Departmental Management

A-76 Studies 1903, 1912

Additional funds for Inspector General 1907

Asian American students 1897, 1913, 1915

Biographical sketch—Charles E.M. Kolb 1884

Boalt Hall admissions policy 1914

Building a Better America 1898

Closing remarks 1909

Compensation increases 1890, 1911

Consultant services 1891, 1901

CPA firms 1907

Decrease in reimbursables 1905

Department staff increase 1887, 1888, 1889, 1911

Discretionary grants management 1899

Discrimination complaints increase 1904

Education administrative costs 1902

Evaluation costs 1906

GAO report—Elementary and Secondary Education 1898

Increase for contracts 1890

Increase in administrative funds 1885

IRS debt collection 1913

Lobbying regulations 1903

Justification materials—Office for Civil Rights:

- Amounts available for obligation 1919
- Appropriation language 1918
- Authorizing legislation 1920
- Budget authority by activity 1920
- Budget authority by object 1921
- Detail of permanent positions 1938
- Narrative 1929
- Significant items in congressional appropriations reports 1927
- Summary of changes 1922
- Table of estimates and appropriations 1928

Justification Materials—Office of Inspector General:

- Amounts available for obligation 1941
- Appropriation language 1940
- Authorizing legislation 1947
- Budget authority by activity 1942
- Budget authority by object 1943
- Detail of permanent positions 1957
- Narrative 1950
- Significant items in congressional appropriations reports 1949
- Summary of changes 1944

Page

Justification Materials—Office of Inspector General—Continued
  Table of estimates and appropriations 1948
Justification materials—Program Administration:
  Amounts available for obligation 1961
  Appropriation language 1959
  Authorizing legislation 1970
  Budget authority by activity 1962
  Budget authority by object 1963
  Explanation of language changes 1963
  Language analysis 1960
  Narrative 1973
  Significant items in congressional appropriations reports 1972
  Summary of changes 1964
  Supplementary materials:
    Advisory and assistance services 1994
    Advisory councils and committees 1993
    Detail of permanent positions 2000
    Rent 1999
    Summary of budget authority by office 1992
    Summary of full-time equivalent employment by office 1991
  Table of estimates and appropriations 1971
Lobbying regulations 1903
Mail increase 1892
Management of OSERS 1900
New programs 1888
OCR management improvements 1904
OCR compliance reviews 1915, 1916
OCR staffing 1896
OCR lapsed funds 1896
OCR review 1894
OCR report findings 1895
Opening statement 1878
OSERS—State and federal relationship 1901
Postsecondary school accreditation 1908
Printing and travel increases 1891
Section 511 regulation compliance 1899
Senior staff increases 1890
Student Guide costs 1893
Student Guide distribution 1894
Student notices 1905
Student aid toll-free line 1907
Student aid abuses 1902
Technical assistance for school reform 1911
Witnesses 1877

Education for the Handicapped

Advisory assistance request 821
At risk children—developmental delay 832
Attention deficit disorders 807
Autism definition 815
Bilingual programs for children with disabilities 826
Biographical sketch of Robert R. Davila 784
Chapter 1 Handicapped consolidation 802

Page
Combining Federal program authorities 806
Coordination with other offices 814, 821, 827
Deaf-blind projects 815, 824, 829
Deaf-blind children 823
Descriptive video 798, 825
Developmental delay 832
Dropouts 787, 802, 827
Drug exposed children 800, 814, 829, 831, 833
Early childhood education 822
Federal share of excess cost 796
Geneal Accounting Office management report 788, 818
Goal setting 820
Grants to States 782, 786, 797
Grants for infants and families 782, 786, 820, 821
Head injury definition 815
Justification material:
  Amounts available for obligation 838
  Appropriation language 836
  Authorizing legislation 842
  Budget authority by activity 839
  Budget authority by object 840
  Explanation of language changes 836
  Language analysis 837
  Narrative 847
  Significant items in congressional appropriations reports 844
  State tables 913
  Summary of changes 841
  Table of estimates and appropriations 843
Learning disabilities 804, 816, 829
Limited English proficient children with disabilities 825
Longitudinal study 797
Monitoring 803, 813
Needs of children 797
Opening statement 781
Parent training projects 808
Preschool education 807
Preschool grants 782, 786, 819, 822, 830
Private sector participation in education 806
Reauthorization of Education of the Handicapped Act 815
Regional Resource Centers 809
Rural area services 813
Secondary and transitional services 799, 820, 827
Severely handicapped projects 824, 829
Slow learners 805
Special purpose funds 783, 786, 800
State grants 787
Teacher shortages 803, 817
Technology 799, 828
Transition services 820
Vacancies 819
Witnesses 781

Gallaudet University

Accomplishments in fiscal year 1989 421

Page
Biographical sketch 428
Budget request for fiscal year 1991 422
Computer use at Gallaudet 436
Consolidated account 439
Construction funds 426, 430
Elderly persons with hearing loss 441
Employer accommodation to hearing loss 442
Employment of hearing-impaired persons 438, 440
Endowment fund totals and interest from endowments 434, 443
Endowment matching grant program 426
Enrollment trends 432, 441
Entrance examinations 436
Evaluation request 439
Excellence in education 434
Foreign students 429, 439
Fundraising 435
Hearing students 434
Mental health programs 434
Minority employees 440
Minority students 438
Opening statement 424
Outreach budget 435
Pre-college programs 426
Pre-college graduates in postsecondary programs 432
Recruitment activities 435
Reorganization 425, 429
Salaries of graduates 433
Salary and benefit levels 431, 432, 443
School of Management 441
Skill level of applicants 433
Staffing reductions 429, 437
Student/faculty ratios 437
Student retention level 433
Student loan default rate 433
University programs focus 425
Witnesses 421

Higher Education and Postsecondary Facilities

Academic Facilities 1315, 1320, 1328
Aid for Institutions 1317
Aid to Students 1318
Assistance to Gaum 1316
Cleo 1334
College Construction Loan Insurance Association 1328
Cooperative Education 1316, 1321, 1331, 1349
Demonstration Dropout Programs 1337
Earmarked Projects 1345
Elimination of Programs 1315, 1327
Fund for the Improvement of Postsecondary Education 1315, 1320, 1331
Graduate Programs 1314
GSL Shortfall 1325
Howard University 1333

Page
Innovative Community Services ... 1316
International Education ... 1315, 1330, 1353
Jacob K. Javits Fellowship ... 1316, 1321, 1353
Justification material:
  Amounts available for obligation ... 1362
  Appropriation language ... 1357
  Authorizing language ... 1372
  Budget authority by activity ... 1363
  Budget authority by object ... 1367
  Explanation of language changes ... 1359
  Language analysis ... 1360
  Narrative ... 1387
  Significant items in congressional approp. report ... 1380
  Summary of changes ... 1368
  Table of estimates and appropriations ... 1379
Law School Clinical Experience ... 1316, 1321
Margaret Chase Smith Library Center ... 1316, 1346
Minority Science Improvement Program ... 1313, 1335
National Science Scholars Programs ... 1314, 1351
O'Neill Library ... 1345
Patricia Roberts Harris Public Service Fellowship ... 1316, 1321
Paul Douglas Teacher Scholarships ... 1314, 1340, 1352
Pell Grants ... 1323, 1324
PHD Applicant Shortage ... 1329
Research Centers ... 1338
Robert C. Byrd Honors Scholarship ... 1314
School, College and University Partnerships ... 1313
State Student Incentive Grants ... 1326
Student Literacy Corps ... 1313
Supplemental Educational Opportunity Grants ... 1326
Title III ... 1312, 1327, 1332, 1341, 1346, 1348
TRIO ... 1313, 1329, 1335, 1339, 1335
Washington Library Consortium ... 1347
Witnesses ... 1311

Howard University

Accreditation ... 1675
Administration costs ... 1635
African Americans in higher education ... 1655
Biographical sketch ... 1615
Bond authority ... 1666
Budget request, 1991 ... 1649
Campus security/financial aid ... 1651
Comparative fiscal analysis ... 1630
Comprehensive table, 1980 to 1990 ... 1662
Construction ... 1670, 1672
Deferred maintenance ... 1674
Demography ... 1656
Dr. Cheek ... 1677
Endoment fund ... 1625
Expenditures per student ... 1634
Faculty/non-faculty salaries ... 1654
Faculty recruitment ... 1627
Federal revenue support ... 1617

Page
Foreign students from third world ... 1652
Foreign student employment ... 1652
Foreign student contributions ... 1653
Foreign students ... 1661
Foreign student surcharge ... 1652
Fundraising ... 1625, 1660
GAO study of Howard ... 1636
Gifts and grants ... 1655
High-ability students ... 1677
Higher Education Act reauthorization ... 1653
Hospital furloughs ... 1617
Hosptial comprehensive table ... 1665
Howard student body ... 1665
Howard University unique characteristics ... 1623
Howard University Hosptial ... 1618, 1625, 1629, 1660
Justification material:
  Account summary ... 1688
  Amounts available for obligation ... 1681
  Appropriation language ... 1679
  Authorizing legislation ... 1684
  Budget authority by activity ... 1682
  Budget authority by object ... 1682
  Language analysis ... 1680
  Narratives ... 1690
  Significant items in congressional approp. reports ... 1686
  Summary of changes ... 1683
  Table of estimates and appropriations ... 1685
Law School construction ... 1661
Loan default rate ... 1674
Low birth rates ... 1627
New president's house ... 1623, 1628
Opening statement ... 1613
Other physical facilities needs ... 1650
Parental income of entering freshman, fall 1989 ... 1666
Peer institutions ... 1629, 1634
Previous president's retirement ... 1621
Research appropriation ... 1648
Retention ... 1670, 1677
Retirement argreements ... 1659
SAT scores ... 1667, 1668, 1669
Schedule of current funds revenue ... 1663
School of Law ... 1650
Sickle Cell Center ... 1626
Student housing ... 1649
Student aid ... 1672
Support for HBCUs ... 1657
Tuition revenue ... 1648
Tuition rates ... 1648, 1659
University financial condition ... 1621
Vice president ... 1659
Witnesses ... 1611
3 "b" payments ... 1055
3(b)(2)(b) reasonable tax effort ... 1038
Adverse effect of hold harmless provisions ... 1035

Page
Authorized level for "a" payments 1059
Base closures & realignments 1063
Biographical sketch 1030
Cap on 3(d)(2)(b) payments 1057
Construction applications 1050
Cooperation with DoD on base closings 1037, 1062
Damage covered by insurance 1052
Disaster assistance claims 1038, 1051
Dole report activities 1053, 1054
Economic status of military "b" children 1036
Effect of sequester on impact aid 1036
Effect of limiting "b" payments to low-rent housing children 1058
Effect of proposed "b" policy 1033, 1051
Elimination of all but low-rent housing "b's" 1032, 1033
Estimated "a" payments under alternative budgets 1061
Hawkins-Stafford simplication of import aid 1034
Impact aid computer payment system 1049, 1054, 1058, 1065
Increase in payments for some states 1037
Increase for construction program 1039, 1040, 1053
Justification materials:
  Account summary 1079
  Amount available for obligation 1073
  Appropriation language 1069
  Authorizing legislation 1076
  Budget authority by object 1074
  Budget authority by activity 1073
  Explanation of language changes 1070
  Language analysis 1071
  Narrative 1081
  Significant items in congressional appropriations reports 1078
  State table 1095
  Summary of changes 1075
  Tables of estimates and appropriations 1077
Low-rent housing children eligible for Chapter 1 1051
Opening statement 1027
Presidential disaster relief funds 1031, 1032
Report to Senate on effect of base closings 1032, 1064
Request to OMB for impact aid 1059
Section 3 payment process 1060
Section 3(e) payments 1060, 1064
Section 2 full entitlemnet 1038
Section 3(b) children in impact aid statute 1033
Sham coterminous districts 1054
Transferring construction funds to section 3 1053
Wave 1 payment 1066
Wave 2 payments 1066
Witnesses 1025

Libraries

Access to library services 1835, 1843
Adequacy of library services 1825
Adult literacy program in the Department of Education 1819
Allocation of level funding 1838
Brittle books 1836

Page

Changes in LSCA reauthorization ... 1823
College Library Technology ... 1844
Conclusion ... 1834
Cost of foreign language materials ... 1841
Effect of library request on the public ... 1846
Importance of research libraries ... 1842
Interlibrary Cooperation ... 1840

Jusification material:

- Account summary ... 1856
- Amounts available for obligation ... 1850
- Appropriation language ... 1848
- Authorizing legislation ... 1854
- Budget authority by activity ... 1851
- Budget authority by object ... 1852
- Explanation of language changes ... 1848
- Language analysis ... 1849
- Narratives ... 1857
- State tables ... 1871
- Summary of changes ... 1853
- Table of estimates and appropriations ... 1855

Libraries funding history: 1981-1990 ... 1822
Library access for the handicapped ... 1828, 1843
Library Career Training ... 1844
Library data collection by NCES ... 1832
Library Literacy Centers ... 1842
Library Literacy Programs ... 1825, 1842, 1845
Library Research and Demonstrations ... 1832, 1844
Library Services for Indian Tribes ... 1837
Library services for priority groups ... 1839, 1844
Literacy training for the homeless ... 1845
LSCA I and II grants as seed money ... 1840
LSCA Title I expenditures by category ... 1824, 1845
LSCA Title I targeting ... 1823
New LSCA VII ... 1835
New technologies ... 1832
No funding requested for LSCA I ... 1829
No funding requested for LSCA II ... 1829
Opening statement ... 1814
Overview of request for Libraries ... 1826
Populations served by Library Literacy Programs ... 1843
Preservation of library materials ... 1833
Program staffing ... 1825, 1838
Public library access ... 1823
Public Library Construction ... 1836
Public Library Construction funds by State: 1986-1990 ... 1830
Public library use of new technologies ... 1845
Reduced request for Libraries ... 1819
Relationship of research and library funding ... 1820
Request of OMB for Libraries ... 1820
Research on effectiveness of libraries ... 1833
Selection of research library grantees ... 1837
Support for public libraries ... 1837
Targeted populations ... 1827
The changing demographics ... 1835

Page
Total Federal funds for research libraries 1833
Types of LSCA II projects 1839
White House Conference on Libraries 1835
Witnesses 1813

National Technical Institute for the Deaf

Affirmative action program 486, 496
Biographical sketch 476
Budget request for 1991 471, 498
Career development outreach network 494
Career development 473
Competition with Gallaudet University for students 490
Competitiveness of tuition levels 499
Consolidated account 492
Construction plans 497
Effect of the Federal agreement with RIT on salaries 479–486
Effect of the sequester 498
Employment history of NTID students 492
Employment of minority and disabled persons 493
Endowment matching grants 475, 500
Enrollment trends 472, 478
Foreign students 478, 495
Fundraising program efforts 499, 500
Low functioning deaf adults competition 489
Maintenance of facilities 487
Medical records technology 489
Opening statement 471
Operations funding 472
Postsecondary educational consortium 489, 494, 497, 499
Research programs 473–475, 501
Salary increases 478, 498
Skill levels of students from mainstream and residential schools 491
Student participation in RIT programs 494
Unemployment rates among the deaf 492
Wardrobe manufacturer 487
Witnesses 471

Rehabilitation Services and Handicapped Research

Accountability in rehabilitation programs 932
Americans with Disabilities Act 933
Benefits/costs of the vocational rehabilitation program 933
Client recidivism in the vocational rehabilitation program 943
Clients who are not rehabilitated 941
Comprehensive head injury centers 940, 944
Drug-exposed children 935
Federal spending on rehabilitation services 929
Fetal alcohol syndrome 935
Fragmentation of rehabilitation efforts 931
Independent living service needs 948
Justification material:
    Amounts available for obligation 954
    Appropriation language 952
    Authorizing legislation 959

Page

Justification material—Continued

Budget authority by object 956
Budget authority by activity 955
Explanation of language changes 952
Language analysis 953
Narrative 964
Significant items in congressional appropriations reports 962
State tables 1016
Summary of changes 957
Table of estimates and appropriations 961
Longitudinal study of the vocational rehabilitation program 939
Low functioning deaf persons 937
Mandatory funding increase in VR State grants program 933
National Center for Medical Rehabilitation Research 930
NIDRR and the needs of the rehabilitation community 942
NIDRR awards for fiscal years 1990 and 1991 944
Projects with industry 946
Recreation projects for persons with disabilities 946
Rehabilitation engineering 950
Research on prosthetic and orthotic devices 938
Research and training center for low-functioning deaf persons 943, 946
Services to individuals with learning disabilities 935
Services to substance abusers 934
Services for less severely handicapped 941
Severely handicapped 949
Sign language instruction 932
Supported employment 936, 938
Technology assistance model projects 936
Technology assistance program 931, 935
Technology assistance State grant awards 936
Technology assistance Title II funding 938
Training of rehabilitation personnel 928
Traumatic head injury 947
Vocational rehabilitation program 928

Research, Statistics, and Improvement of Practice

ACCESS ERIC 1752
Alternative certification 1776
Assessment 1773
Biographical sketch of Christopher T. Cross 1714
Budget authority and obligations for research 1729
Budget for mandated activities 1731
Center for disadvantaged 1750
Charges for NCES reports 1722
Charging States for NAEP 1735
Congressional change of President's budget 1725
Consultation on research center topics 1731, 1754
Costs of NAEP governing board 1736
Cost of NAEP 1734
Cut backs 1744
Date on dropouts 1770
Department-wide R&D funding 1717
Detailed account of research request 1728

Page
Discretionary spending ... 1736
Dropout research ... 1743, 1738, 1757, 1776
Education researchers ... 1741
Evaluation of dropout programs ... 1722
Evaluation reforms ... 1774
Formula for R&D investment ... 1719
Funding for rural initiative ... 1725, 1758
Funding of existing labs ... 1727
Funding of tenth lab ... 1727
Government-sponsored research in foreign countries ... 1717
Growth in reseach account ... 1716
Higher education research ... 1767
Increase for laboratories ... 1727
Incease for NCES ... 1732, 1758
Increase for research centers ... 1731
Information networks ... 1771
Investigator-initiated research ... 1744, 1745
Justification material:
  Amounts available for obligation ... 1782
  Appropriation ... 1780
  Authorizing legislation ... 1786
  Budget authority by activity ... 1783
  Budget authority by object ... 1784
  Explanation of language changes ... 1780
  Language analysis ... 1781
  Narrative ... 1791
  Significant items in congressional appropriations reports ... 1788
  Summary of changes ... 1785
  Table of estimates and appropriations ... 1787
  Lab and center competitions ... 1753
Mechanism for dissemination ... 1723
Minorities in educational research ... 1723
Minority staff in labs and centers ... 1723
NAEP validity study ... 1740, 1743, 1765, 1777
National assessment ... 1749
National board of teaching standards ... 1740
Need for investment in R&D ... 1717
Opening statement ... 1708
Principal training ... 1743, 1745, 1755, 1759, 1775
Program budget and FTE's for OERI units ... 1738
Project listing ... 1741
Questions for the record ... 1741
Reprogramming of 1990 research funds ... 1735
Research agenda ... 1747
Research budget ... 1772
Research, development, and evaluation activities ... 1717
Resistance to reform ... 1764
S & E request for NCES ... 1734
School health ... 1778
Staffing for NCES ... 1733, 1734
State spending for research ... 1718
Statistics mandates ... 1720
Student attitudes toward science ... 1744
Support for restructing ... 1760

Page
Support for studies 1746
Summit follow-up 1720, 1760
Teacher salaries 1769
Technical assistance 1762
Timeliness of research 1718
Types of information needed 1721
Unsolicited grants 1778
Usefulness of NAEP 1724
Users of education data 1721
Witnesses 1701
Work scopes for research centers 1732

School Improvement Programs

Alliance for the arts 602
Alternative teacher certification 618
Bernice P. Bishop Estate 601
Biographical sketch 560
Blue ribbon schools 571, 607, 617
Categorical grants 561, 583, 593, 594
Chapter 2 block grant 582, 583, 593, 599, 600, 605, 615
Claude and Mildred Pepper scholarships 592
Close Up Foundation 602
Comprehensive school health education 581, 602
Dropout prevention demonstrations 569, 603, 613
Drug-free schools and communities 567, 577, 585, 586, 591, 592, 608, 609
Educational television 590
Eisenhower mathematics and science education program 561, 571, 610
Follow through 582, 600, 614, 621
Foreign language projects 589
Fund for the Improvement and Reform of Schools and Teaching 578, 580, 610
Fund for Innovation in Education 616
High school completion rate 576
Homeless children and youth 612
Inexpensive book distribution 606
Interagency coordination of math and science activities 572, 605
Justification materials:
    Account summary 656
    Amounts available for obligation 634
    Appropriation language 624
    Authorizing legislation 643
    Budget authority by object 638
    Budget authoriby by activity 635
    Explanation of language changes 627
    Language analysis 629
    Narrative 660
    Significant items in congressional appropriations reports 650
    State tables 770
    Summary of changes 639
    Table of estimates and appropriations 649
Leadership in educational administration (LEAD) 611
Magnet schools 569, 577, 603, 611, 614
Massachusetts 1st congressional district 583
Native Hawaiian programs 588
National Diffusion Network 590, 606, 616, 619, 621

Page
Object class schedule 599
Opening statement 556
Overall budget for education 563
Presidential awards for excellence in education 599
Programs that are not authorized 561
Reading is Fundamental 602
School improvement programs account structure 564, 591
Science and mathematics education funding 573
Science consortium 604
Slow learner initiative 566
Star schools 581, 587, 589
Underachievers program 600
Witnesses 555

Secretary of Education

Achievement (See President's education goals)
Appropriations history 182-187
Bilingual education 109-110
Bilingual fellowships 111
Bilingual vocational education reauthorization 117
Business sponsored remedial education programs 25
Chapter 1 grants for the disadvantaged 85-87, 158-159
Chapter 1—Federal versus State support levels 86
Chapter 2 school improvement programs 141
Chicago public schools 152
Child care bill 153-154
Closing remarks by Chairman Natcher 88
College/graduate school enrollment by minorities 118-119
Coordinating Federal education programs 69
Crack babies 131, 142
Departmental management budget request 56, 150
Department publications on minority education 129
Discipline in schools (also, see President's education goals) 22, 63, 65, 68
Drop in drug use by secondary students 74
Dropout demonstration programs in Massachusetts 23-24
Dropouts and school completions (also, see President education goals) 5, 23, 108, 196-198
Drug prevention budget (also, see President's education goals) 74
Drug prevention programs funded by department 73-75, 213-220
Drug-free schools and communities programs 6-7, 213-220
Economic policy institute study 45-47, 116
Education for the handicapped 6
Education for the handicapped-special purpose funds 135
Education goals for year 2000 (see President's education goals)
Education savings accounts 149
Education summit conference 3
Education summit follow-up 4, 123
Education versus defense expenditures 80
Education's problems and solutions 8, 16, 22, 47-49
Endowment grants initiative 124
Enrollment trends for blacks and Hispanics 118
Even Start Program increase 5, 57, 129
Federal role in education 3, 71
Federal, State and local share in education 7, 70-71, 79-80

Page
Federal support for State reform efforts ... 139
Fund for innovation in education ... 130
Funding by level of education-elementary/secondary/higher 25, 86-87, 102, 104, 117, 134
FY 1981—90 Department of Education request ... 100-104
FY 1989—91 research, development and evaluation funding ... 105
FY 1991 budget compared to 1990 appropriation and 1991 CBO baseline ... 26-42
FY 1991 budget increases in relation to education goals ... 17, 57-63
FY 1991 budget request to OMB ... 17, 106-107
FY 1991 budget priorities ... 3, 86-87
FY 1991 total budget request ... 4, 17, 26, 28-42
GAO inquires ... 96
Guranteed student loans cost estimate and supplementals ... 77
Guaranteed student loans request ... 137
Head Start Program ... 57, 64, 69, 85, 87, 121, 158
High school completion rates ... 108
Higher Education Act reauthorization ... 7, 53, 80
Hispanic Education task force ... 120, 144
Historically black college/universities ... 7, 124-25
Home schooling ... 152
Homeless children and youth ... 131
Howard University Endowment Program ... 81
Immigrant and refugee education ... 111
"Indian Nations at Risk" study ... 49
International comparison of education funding ... 7, 45-47, 89-90, 116-117
International comparisons of school achievement ... 17, 237-257
Jacob K. Javits Fellowships Program ... 137
Legislative status of unauthorized programs ... 50
Literacy and Illiteracy (also, see President's Education coals) ... 6, 109, 188-195
Magnet Schools of excellence ... 5, 50
Maryland school accreditation plan ... 138
Mathematics and Science Education Conference (also, see President's Education goals) ... 128
Migrant Education Commission ... 96
Military base closures-section 3(e) funding ... 151
Minimum wage bill ... 55
Minority education ... 118-120, 121-123, 124, 126-128, 129, 144
Minority language groups ... 47, 49
Minority teacher training ... 121-122
Monitoring and accountability ... 138, 150
Mayer budget and expenditure tables:
  Activities requiring legislative action for 1991 ... 161
  New programs in 1991 budget ... 167
  1991 proposed legislation ... 168
  Accounts with appropriation language modifying authorization ... 174
  Department budget authority—fiscal year's 1972-1991 ... 175
  Total employment, fiscal years 1980-91 ... 176
  Appropriations for which funds lapsed, 1989 ... 178
  Travel and transportation ... 179
  Total Federal Expenditures—elementary/secondary/vocational education. 180
  Total Federal expenditures—higher education ... 181
Moyer subject reports ... 160, 182-252
National assessment of educational progress ... 45, 125-126
National board for professional teaching standards ... 95

Page
National education funding in 1989-90 ... 7
National diffusion network ... 72, 141
NCES national data tapes ... 97
Opening remarks by Chairman Natcher ... 1
Opening remarks by Mr. Conte ... 2
Opening remarks by Secretary Lauro Cavazos ... 3
Parental involvement ... 23, 25, 26
Pell Grant cost estimates and supplementals ... 52, 76, 91, 92, 132
Pell Grants ... 7, 52, 54-57, 78, 91, 132, 137
Perkins Loan Program ... 115, 133
Personnel training and recognition initiatives ... 5
PH.D. faculty-increased demand for ... 94, 137
Placing the Federal education budget in perspective ... 7
Pre-school education (also, see President's education goals) ... 5, 25-26, 153-154
President's education goals for the year 2000 ... 16, 17, 57-64, 65-68, 120
    Readiness for school ... 5, 25, 59, 65, 66, 153-154
    High school completion ... 5, 23, 49, 59, 65, 66, 95, 108, 120, 196-198
    Student achievement ... 60, 65, 67, 116, 237-252
    Science and math ... 4, 61, 65, 67, 83, 94, 128
    Literacy and life long learning ... 6, 62, 65, 68, 100, 109, 188-195
    Safe, disciplined and drug-free schools ... 6, 63, 65, 68, 92-94, 213-220
Presidential merit schools ... 4, 50, 130
Proposed allocation of additional 1991 appropriations ... 18-21
Quality education for minorities project ... 126-127
Reading skills (also, see pre-school education) ... 25, 47
Reductions proposed in education budget ... 26-27, 115, 134
Reform and restructuring of education ... 8, 22, 48, 70, 72, 84, 116, 138, 139, 141
Regional laboratories ... 43, 44, 140
Regional laboratories rural funding—fiscal years 1987-1995 ... 44
Remedial education ... 25
Research and development ... 221-226
Research, statistics and assessment budget increase ... 4, 69, 147
Rural initiative ... 43, 44
S. 695—title X ... 152
School achievement—chronological/international comparisons ... 237-252
School achievement—national tests ... 95
Science and mathematics education (also, see President's education goals) ... 4, 83
Sequestration (fiscal year 1990) ... 56, 98
Stafford loans (also, See Guaranteed student loans) ... 134
State Student Incentive Grant Program ... 113
Statement of Secretary of Education ... 3, 14
Statistics, education ... 227-236
Student aid budget request ... 7, 54, 114, 136
Student aid participation and expenditures ... 208-212
Student loan delinquencies and defaults ... 78, 154-155, 199-207
Student loan reporting requirements—community colleges ... 154
Supplemental education opportunity grants ... 55, 83, 84
Teacher salaries ... 70, 72
Teacher and principal training ... 5, 23, 75, 83, 95, 121-122, 146
Trade and proprietary schools ... 53
TRIO appropriation—fiscal year 1990 ... 82
TRIO—cost to double TRIO participants ... 81
TRIO Program evaluation ... 81
Tuition increases ... 52, 78

Page
Witnesses 1
Workforce 2000 47
Work study grants 55, 83, 115

Special Institutions for the Handicapped

American Printing House for the Blind study 412
Biographical sketch 410
Budget request 403
Consolidated account 406, 412, 413, 418
Consortium program 415
Construction funds 403
Effect of sequester 420
Endowment matching grants 403
Evaluation strategy 414
Evaluation studies 404, 412, 414, 418
Foreign students 405, 413, 415, 416
Justification material:
    Account Summary 519
    Activities 521
    Amounts available for obligation 507
    Appropriation language 503
    Authorizing legislation 511
    Budget authority by activity 508
    Budget authority by object 509
    Explanation of language changes 504
    Language Analysis 505
    Significant items in congressional appropriations reports 516–518
    Summary of changes 510
    Table of estimates and appropriations 512–515
Monitoring and evaluation responsibility 413, 419
Opening statement 407
Programmatic responsibility 405
Salary increases 420
Witnesses 403

Student Financial Assistance and Guaranteed Student Loans

"Ability to benefit" proposal 1173, 1187
Additional 1991–92 Pell Grant recipients 1194
Biographical sketch of Leonard L. Haynes III 1163
College costs and student aid 1204
Consumer disclosure requirements 1201, 1203, 1206, 1209
Data collection models for community colleges 1209
Decrease in GSL costs 1195
Delayed disbursement of aid 1175
Discretion to deny a loan 1210
Emergency actions 1168
Estimated reduction in Guaranteed Student Loans 1164
Equity of the need analysis system 1210
Extension of availability of Pell Grant funds 1177
Federal expenditures for education 1164
Federal liability for Guaranteed Student Loans 1166
Financial aid personnel training 1202
Free applications 1198

Page
Graduation rate information ... 1177
Guaranteed Student Loans ... 1156, 1162
Guaranteed Student Loan shortfall ... 1200
Higher educational community consultation ... 1170
Higher education as a priority ... 1170
Impact of student aid proposals ... 1186
Income contingent loans ... 1155, 1160, 1193, 1197
Independent students ... 1172, 1183, 1191, 1192
Institutional certifications ... 1202
Interest rate assumptions ... 1200
Introduction of witnesses ... 1153
Justification material—Guaranteed Student Loans:
  Amounts available for obligation ... 1270
  Appropriation language ... 1269
  Authorizing legislation ... 1277
  Narrative ... 1280
  Obligations and budget authority by activity ... 1271
  Obligations by object ... 1272
  Significant items in congressional approp. reports ... 1279
  Summary of changes ... 1273
  Table of estimates and appropriations ... 1278
Justification material—Student Financial Assistance:
  Amounts available for obligation ... 1219
  Appropriation language ... 1214
  Authorizing legislation ... 1224
  Budget authority by activity ... 1220
  Budget authority by object ... 1221
  Explanation of language changes ... 1216
  Language analysis ... 1217
  Narrative ... 1229
  Significant items in congressional approp. reports ... 1227
  State tables ... 1266
  Summary of changes ... 1222
  Table of estimates and appropriations ... 1226
Less-than-half-time students ... 1174, 1189, 1190
Limitation/suspension/termination activities ... 1206
Pell Grant eligibility ... 1194
Pell Grants ... 1154, 1159
Pell Grant shortfalls ... 1173
Pell Grant 10-year table ... 1178, 1179, 1180
Perkins Loans ... 1155, 1160
Proprietary school participation in aid programs ... 1171
Reauthorization proposals ... 1173
Reduction in Perkins Loans ... 1194
Reduction in SSIG funding ... 1177
Role of colleges in policy development ... 1169
Savings from legislative proposals ... 1172
Sequester rules for Guaranteed Student Loans ... 1182
"Special circumstances" proposal ... 1191
State Student Incentive Grants ... 1156, 1160, 1204
Student assistance budget request for 1991 ... 1153
Student loan default costs ... 1166

Page
Student loan defaulters 1185
Student loan default rates 1166, 1167, 1181, 1207, 1212
Student loan default reduction efforts 1167, 1169, 1176, 1184, 1195, 1196, 1199, 1205
Student loan default reduction regulations 1208
Student loan default report 1171, 1189
Student loan defaults at proprietary schools 1184, 1188
Student loan fraud 1211
Supplemental budget requests 1171, 1174, 1177
Supplemental Educational Opportunity Grants 1155, 1159, 1193
Transfer of funds between SEOG and Work-Study 1183
Witnesses 1153
Work-Study 1159, 1183, 1189
Work-Study—impact of new minimum wage 1183, 1201

Vocational and Adult Education

Accountability 1510
Adult education 1503, 1515
Adult education funding 1529, 1530
Allocation betwen secondary and postsecondary 1519
Biographical sketch 1509
Coordination with JTPA 1519
Coordination with JOBS program 1518
Coordination with Labor Department 1523
Corrections education 1526
Data needs 1515
Dissemination 1523
Equipment purchases 1518
Extent of illiteracy 1515, 1528
High technology training 1523
Home health aides and nurses aides 1525
Justification material:
    Account summary 1549
    Amounts available for obligation 1538
    Appropriation language 1534
    Authorizing legislation 1543
    Budget authority by object 1541
    Budget authoriby by activity 1539
    Explanation of language changes 1534
    Language analysis 1536
    Narrative 1552
    Significant items in congressional appropriations reports 1547
    State tables 1599
    Summary of changes 1542
    Table of estimates and appropriations 1546
Literacy partnerships and grants 1503, 1516, 1528, 1531
Literacy training for homeless adults 1503, 1517
Local implementation 1524
Model skill training centers 1522
National assessment of vocational education 1510, 1512, 1521
National adult education clearinghouse 1503, 1516, 1517, 1530
NOICC 1520
Opening statement 1505
Perkins Act reauthorization 1510

Page
Postsecondary vocational education dropouts 1527
Rewards for exemplary programs 1519
Teacher training 1520
Technology education demonstrations 1504, 1521
Vocational education 1518, 1519
Waiting lists 1529
Witnesses 1501